

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Holland Charter Township	County Ottawa
Fiscal Year End 12-31-06	Opinion Date 3-6-07	Date Audit Report Submitted to State 3-20-07	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

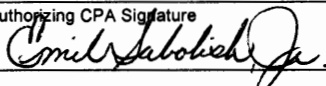
YES NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input type="checkbox"/>		
Other (Describe)	<input checked="" type="checkbox"/>	Single Audit	
Certified Public Accountant (Firm Name) Kiekoover, Scholma & Shumaker, PC		Telephone Number 616-772-4615	
Street Address 205 East Main Street		City Zeeland	State MI
Zip 49464			
Authorizing CPA Signature 		Printed Name Emil Sabolish, Jr.	
License Number 9304			

HOLLAND CHARTER TOWNSHIP

HOLLAND, MICHIGAN

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2006

ANNUAL FINANCIAL REPORT
HOLLAND CHARTER TOWNSHIP, MICHIGAN

For the Fiscal Year Ended December 31, 2006

BOARD OF TRUSTEES (ELECTED)

Supervisor	Terry Nienhuis
Clerk	Michael Dalman
Treasurer	Vincent Bush
Trustee	Joseph Baumann
Trustee	Christopher Eaton
Trustee	Arlan Hossink
Trustee	Norman Nykamp

ADMINISTRATION (APPOINTED)

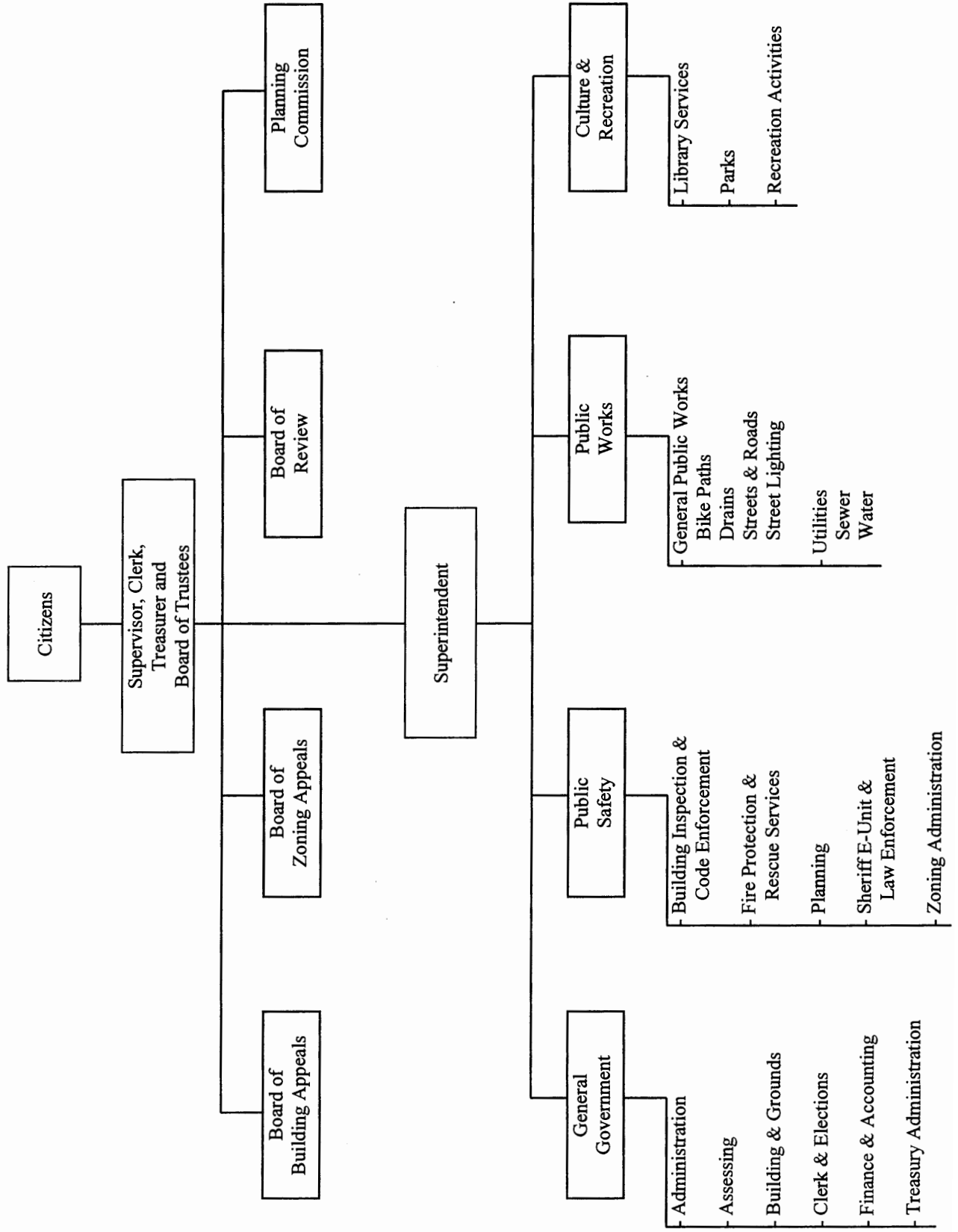
Superintendent	Willis Driesenga
Assistant Superintendent/Finance Director	Donald Komejan
Assessor	Howard Feyen
Building Official	Michael Winkler
Fire Chief	Douglas Van Hekken
Parks and Facilities Maintenance Director	Brian Leach
Parks and Recreation Director	Darrin Duistermars
Planner/Zoning Administrator	Jon Mersman
Public Works Director	Tom Van Der Kolk

PREPARED BY
FINANCE DEPARTMENT

Donald Komejan – Finance Director

INDEPENDENT AUDITOR
Kiekover, Scholma & Shumaker, PC
Zeeland, Michigan

Holland Charter Township Organizational Chart



Holland Charter Township, Michigan
ANNUAL FINANCIAL REPORT
Year Ended December 31, 2006

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

March 6, 2007

Township Board
Holland Charter Township, Michigan
Holland, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Holland Charter Township, Michigan, as of and for the year ended December 31, 2006, which collectively comprise the township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Holland Charter Township, Michigan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Holland Charter Township, Michigan, as of December 31, 2006 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2007, on our consideration of Holland Charter Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages II through VIII and 25 through 27, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Holland Charter Township, Michigan basic financial statements. The combining nonmajor fund financial statements and additional information section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The additional information section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Kiekover, Scholma & Shumaker, PC

Holland Charter Township, Michigan

Management's Discussion and Analysis

As management of Holland Charter Township, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended December 31, 2006. We encourage readers to consider the information presented here in conjunction with the Township's financial statements that follow this section.

Financial Highlights

- The assets of Holland Charter Township exceeded its liabilities at the close of the most recent fiscal year by \$144,654,259 (*net assets*). Of this amount, \$48,025,726 (*unrestricted net assets*) may be used to meet the Township's ongoing obligations to citizens and creditors.
- The Township's total net assets increased by \$5,898,838. Capital assets increased by \$1,430,087, while restricted net assets increased by \$243,680, and unrestricted net assets increased by \$4,225,071.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$13,406,156, an increase of \$1,496,722 in comparison with the prior year. Approximately 90% of this total amount, \$12,043,278, is *available for spending* at the Township's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$7,102,362 or 70% of total general fund expenditures and transfers out.
- The Township's total debt decreased by \$1,460,500 (17%) during the current fiscal year. This is the result of the Township making its required scheduled debt service payments while incurring no new debt during the year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Holland Charter Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business and, therefore, are prepared using the accrual basis of accounting. These statements provide a longer term view of the Township's finances and whether taxpayers have funded the full cost of providing government services. The first two statements are government-wide and include the following:

- The *statement of net assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.
- The *statement of activities* presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and state shared revenues and earned but unused sick leave).

Both of the government-wide financial statements distinguish functions of Holland Charter Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Township include general government, public safety, public works, economic development, and recreation and culture. The business-type activities of the Township consists of water and wastewater disposal systems.

The government-wide financial statements can be found on pages 1-3 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Holland Charter Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund financial statements report the Township's operations in more detail than the government-wide financial statements. These statements present a short-term view and tell how taxpayer resources were spent during the year. All of the funds of the Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements tell how general government services like public safety were financed in the short term as well as what remains for future spending. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Holland Charter Township maintains nineteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered to be a major fund. Data from the other eighteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Township adopts an annual appropriated budget for its major funds. Budgetary comparison statements have been provided for the major funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 4-6 of this report.

Proprietary funds. Holland Charter Township maintains two types of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Township uses enterprise funds to account for its water and wastewater disposal systems. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the Township's various functions. The Township uses an internal service fund to account for its post-employment health care benefits. Because these services predominately benefit governmental rather than business-type functions, the assets and liabilities of the internal service funds have been included within the *governmental activities* in the government-wide statement of net assets.

Proprietary funds provide the same type of information as the government-wide financial statements, but provide more detail and information, such as cash flows. The proprietary fund financial statements provide separate information for the three components of the water and wastewater disposal systems: Water Operating, Wastewater Operating, and Water and Wastewater Construction and Debt Service, all of which are considered to be major funds of Holland Charter Township.

The basic proprietary fund financial statements can be found on pages 7-9 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government, in which the Township acts solely as trustee or agent. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support Holland Charter Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement can be found on page 10 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 11-24 of this report.

Other information. In addition to the basic financial statement and accompanying notes, this report also presents certain *required supplementary information* presenting budgetary comparisons for the Township's General Fund. Required supplementary information can be found on pages 25-27 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining fund statements can be found on pages 28-31 of this report.

Immediately following the combining fund statements an additional information section, which provides certain information pertaining to government revenues, expenditures, tax revenues and collections, demographic, and other statistical data.

Financial Analysis of the Township as a Whole

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Holland Charter Township, assets exceeded liabilities by \$144.7 million at the close of the fiscal year ended December 31, 2006.

The largest portion of the Township's net assets (66%) reflects its investment in capital assets. The Township uses capital assets to provide services to citizens; accordingly, these assets are not available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net assets of the Township totaled \$1.36 million and are reported in the governmental activities. These net assets have limits on their use that are externally imposed by restrictions such as enabling legislation or bond covenants. These resources can only be used for the specific purposes for which they were intended, such as expenditures for E-unit and police services, bike paths, and construction code activities. The remaining unrestricted net assets (\$48.0 million) may be used to meet the Township's ongoing operations.

The following table shows, in a condensed format, the net assets of Holland Charter Township as of December 31, 2006 and 2005.

TABLE 1 - Holland Charter Township's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$ 23,890,576	\$ 21,414,391	\$ 34,206,733	\$ 33,285,616	\$ 58,097,309	\$ 54,700,007
Capital assets	33,403,363	32,620,785	68,835,792	69,648,783	102,239,155	102,269,568
Total assets	57,293,939	54,035,176	103,042,525	102,934,399	160,336,464	156,969,575
Long-term debt outstanding	240,000	310,000	6,733,500	8,124,000	6,973,500	8,434,000
Other liabilities	8,453,501	8,230,455	255,204	1,549,699	8,708,705	9,780,154
Total liabilities	8,693,501	8,540,455	6,988,704	9,673,699	15,682,205	18,214,154
Net assets:						
Invested in capital assets, net of related debt	33,163,363	32,310,785	62,102,292	61,524,783	95,265,655	93,835,568
Restricted	1,362,878	1,119,198	-	-	1,362,878	1,119,198
Unrestricted	14,074,197	12,064,738	33,951,529	31,735,917	48,025,726	43,800,655
Total net assets	\$ 48,600,438	\$ 45,494,721	\$ 96,053,821	\$ 93,260,700	\$ 144,654,259	\$ 138,755,421

As shown in Table 2 (changes in net assets), the Township's total revenues were approximately \$24.2 million for the current year, of which 31.9% was obtained from property taxes. Fees charged for services accounted for another 39.2% of the total, State shared revenues 8.8%, operating grants and contributions 3.1%, and capital grants and contributions (mostly in the form of federal grants, private contributions, water and wastewater hook-ups, and developer contributions of systems) another 6.8%. The balance of the Township's revenues was primarily derived from interest earnings (9.8%) and other sources (.4%). The total cost of all programs and services at December 31, 2006 was \$18.3 million. Township expenses cover a wide range of services. For the current fiscal year, about 22.2% of the Township's expenses related to public safety and public works, 17.7% related to recreation and culture, and 48.7% related to the provision of water and wastewater services.

Net assets increased by \$3.1 million for the Township's governmental activities. This increase accounted for 52.6% of the total growth in net assets for the year. Net assets for business-type activities increased by \$2.8 million during the year, accounting for the remaining 47.4% increase. The majority of this increase is attributable to improvements to the water and wastewater distribution systems.

The following analysis highlights the changes in net assets for the years ended December 31, 2006 and 2005:

TABLE 2 - Holland Charter Township's Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Program revenues						
Charges for services	\$ 726,251	\$ 824,791	\$ 8,747,740	\$ 8,818,636	\$ 9,473,991	\$ 9,643,427
Operating grants and contributions	754,419	406,235	-	-	754,419	406,235
Capital grants and contributions	226,705	2,276,576	1,408,282	1,932,587	1,634,987	4,209,163
General revenues					-	-
Property taxes	7,701,414	7,376,890	-	-	7,701,414	7,376,890
State shared revenues	2,131,287	2,150,563	-	-	2,131,287	2,150,563
Interest	822,524	368,920	1,533,879	907,708	2,356,403	1,276,628
Gain (loss) on sale of capital assets	46,399	(3,557)	-	-	46,399	(3,557)
Other revenue	56,382	64,693	-	-	56,382	64,693
Total revenues	12,465,381	13,465,111	11,689,901	11,658,931	24,155,282	25,124,042
Program expenses						
General government	1,226,968	1,143,658	-	-	1,226,968	1,143,658
Public safety	2,352,987	2,183,948	-	-	2,352,987	2,183,948
Public works	1,703,182	1,643,072	-	-	1,703,182	1,643,072
Community and economic development	837,528	676,862	-	-	837,528	676,862
Recreation and culture	3,238,999	2,818,466	-	-	3,238,999	2,818,466
Other	-	203,082	-	-	-	203,082
Water and wastewater	-	-	8,896,780	9,397,507	8,896,780	9,397,507
Total expenses	9,359,664	8,669,088	8,896,780	9,397,507	18,256,444	18,066,595
Change in net assets	\$ 3,105,717	\$ 4,796,023	\$ 2,793,121	\$ 2,261,424	\$ 5,898,838	\$ 7,057,447

Financial Analysis of the Township's Funds

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The individual funds help to manage money for specific purposes as well as to show accountability for activities or projects funded by special property tax millage, grants, contributions, etc.

Governmental funds. The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$13,406,156, an increase of \$1,496,722 from the prior year combined ending fund balances of \$11,909,434. Approximately 90% of this amount (\$12,043,278) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for discretionary spending because it is committed (1) to purposes related to special voted millage for E-unit and police services (\$999,220), (2) to purposes related to special voted millage for bike path construction and maintenance (\$268,413), and (3) for building construction code enforcement activities (\$95,245).

The General Fund is the primary operating fund of the Township. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$7,102,362, while total fund balance was \$8,369,995. As a measure of the General Fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. The \$7,102,362 unreserved fund balance is approximately 70% of the 2007 budgeted expenditures and operating transfers to other funds, which is \$10,110,400.

The fund balance of the Township's General Fund increased by \$1,415,821 during the current fiscal year compared to a decrease of \$531,788 in the prior year. Factors that influenced the current year increase in fund balance include:

- Total revenues increased by \$588,390 or 5.8%
- Tax revenues increased by \$324,514 or 4.4%
- State shared revenues decreased by \$37,854 or 1.7%
- Interest revenues increased by \$325,240 or 125%
- Transfers in from other funds were \$780,000 compared to \$0 in 2005
- Total expenditures decreased by \$672,357 or 8.5%
- Expenditures for public works activities decreased by \$909,173 or 36%

Proprietary funds. Holland Charter Township's proprietary funds provide the same type of information found in the government-wide financial statements (business-type activities) but in more detail. The Township's proprietary funds are comprised of the water and wastewater utilities and the Other Post Employment Benefits (OPEB) Fund.

Water and wastewater user rates were increased in 4th quarter 2006 by approximately 9% and 5% respectively. Combined operating revenues for the water and wastewater systems funds decreased in fiscal year 2006 by \$70,896 from \$8,818,636 to \$8,747,740. Revenues from water sales were down \$231,383 from 2005 due to less hot and dry spring and summer weather conditions, which decreased water consumed for irrigation purposes. Combined operating expenses for these funds, excluding depreciation, decreased in fiscal year 2006 by \$506,264 from \$6,671,033 to \$6,164,769. At year-end, the Township utility system served 11,202 water accounts and 11,722 wastewater accounts, which reflects an increase from the prior year of 2.6% and 2.3% respectively.

The OPEB Fund is used to account for internal premium charges to departments and funds, retiree premium co-payments, commercial health insurance premiums and contractual expenses associated with provision for other post-employment benefits (health benefits) for eligible retired employees of the Township. The OPEB Fund was initially established in 2006. Operating transfers of \$2,006,068 from the General, Water and Wastewater Funds were set aside in the OPEB Fund representing the actuarially determined accumulated post-retirement benefit obligation for retiree health insurance benefits.

General Fund Budgetary Highlights

Over the course of the year, the Township Board amended the budget to take into account events during the year. The budget for total revenues was increased by \$410,000 and actual total revenues exceeded the final amended budget by \$187,106. The budget for total expenditures was decreased by \$1,400,000, and actual total expenditures were less than the final amended budget by \$533,753. The budget for operating transfers out to various Special Revenue and Capital Projects Funds was increased by \$2,158,138 to provide grant project working capital, local match funds for infrastructure expenditures, and to establish an Internal Service Fund for funding future OPEB costs.

Capital Asset and Debt Administration

At the end of 2006, the Township had \$102,239,155 (net of depreciation) invested in a broad range of capital assets, including buildings, fire equipment, park land and improvements, bike paths, roads, drains, and water and sewer lines. The Township's investment in roads and drains within the Township are recorded as intangible assets (shared street improvements and flowage rights). Although paid for by the Township, Michigan law makes these assets property of the County (along with the responsibility to maintain them). The Township's investment in capital assets for the current fiscal year (net of depreciation) increased by \$782,578 (2.4%) for governmental activities and decreased by \$812,991 (-1.2%) for business-type activities.

Major capital asset events during the current fiscal year included the following:

- \$121,500 Phase 1 replacement of Dunton Park boardwalk and decking originally built in 1982-1985
- \$841,500 addition of two lighted soccer fields, two lighted tennis courts, and walkways at Helder Park
- \$697,000 expended for road and intersection improvements
- \$380,200 expended for drain system improvements
- \$239,240 expended for bike path system extensions and improvements
- \$312,900 expended for sanitary sewer collection system extension on 132nd Avenue
- \$328,185 sanitary sewer collection system extensions added by developers (5,049 feet)
- \$292,500 water main extensions added by developers (6,500 feet)

At December 31, 2006, the Township had \$6,973,500 of long-term contractual obligations and bonded debt outstanding after repayments of \$1,460,500 during the year. These long-term debt obligations are scheduled to mature serially through fiscal year 2018.

Economic Factors and Next Year's Budgets and Rates

The following are some of the key factors considered in preparing the Township's 2007 fiscal year budget:

- The Township's overall property tax rate remains unchanged at 6.3 mills.
- Property tax revenues are estimated to increase by approximately \$350,000 to \$400,000 as a result of about a 5% increase in the Township's overall taxable equivalent value.
- State shared revenues are projected to be less than 2006 revenues by about \$50,000. Further reductions may result from continuation of the state's slow economic growth and lower than anticipated income tax and sales tax revenues.
- Future state shared revenues may be reduced pending legislative actions on (1) the state's existing single business tax (SBT), which will sunset on December 31, 2007 and on (2) considerations to reduce or eliminate taxes on business related personal property (equipment).
- Within these considerations, the 2007 General Fund budget anticipates a net change in fund balance of \$872,600. The General Fund unreserved fund balance of \$7,102,362 at the end of the current fiscal year is 70% of the 2007 budgeted expenditures and operating transfers out of \$10,110,400.
- The growth in the number of water utility system customers in 2006 was 280 to 11,202 (2.6%).
- The growth in the number of sewer utility system customers in 2006 was 269 to 11,722 (2.3%).
- The Township anticipates approximately \$3 million of capital improvements in 2007 to its water and sewer utility systems, including water and sewer main extensions and replacements, sewer lift station improvements, and vehicle and equipment replacements.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Township's finance director.

Basic Financial Statements

Holland Charter Township, Michigan
STATEMENT OF NET ASSETS
December 31, 2006

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and investments	\$18,155,832	\$27,710,912	\$ 45,866,744
Receivables:			
Taxes	5,148,496	-	5,148,496
Accounts	488,308	968,972	1,457,280
Interest	125,645	213,417	339,062
Due from other governments	710,601	265,728	976,329
Internal balances	(738,306)	738,306	-
Inventories	-	76,001	76,001
Prepaid items	-	16,968	16,968
Assessments receivable	-	4,073,628	4,073,628
Deferred charges	-	142,801	142,801
Capital assets	<u>33,403,363</u>	<u>68,835,792</u>	<u>102,239,155</u>
 Total Assets	 <u>57,293,939</u>	 <u>103,042,525</u>	 <u>160,336,464</u>
LIABILITIES			
Accounts payable	259,780	207,650	467,430
Accrued payroll	52,723	40,830	93,553
Compensated absences payable	141,848	114,936	256,784
Due to other governments	-	70,125	70,125
Deferred revenue	7,999,150	20,822	8,019,972
Noncurrent liabilities:			
Due within one year	75,000	804,500	879,500
Deferred refunding gain (loss)	-	(199,159)	(199,159)
Due in more than one year	<u>165,000</u>	<u>5,929,000</u>	<u>6,094,000</u>
 Total Liabilities	 <u>8,693,501</u>	 <u>6,988,704</u>	 <u>15,682,205</u>
NET ASSETS			
Invested in capital assets, net of related debt	33,163,363	62,102,292	95,265,655
Restricted for:			
E-unit and police services	999,220	-	999,220
Bike paths	268,413	-	268,413
Construction code activities	95,245	-	95,245
Unrestricted	<u>14,074,197</u>	<u>33,951,529</u>	<u>48,025,726</u>
 Total Net assets	 <u>\$48,600,438</u>	 <u>\$96,053,821</u>	 <u>\$144,654,259</u>

Holland Charter Township, Michigan
STATEMENT OF ACTIVITIES
Year Ended December 31, 2006

Function/Programs:	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government:			Capital Grants and Contributions
Governmental Activities:			
General government	\$ 1,226,968	\$ 103,320	\$ -
Public safety	2,352,987	421,496	-
Public works	1,703,182	-	88,440
Community and economic development	837,528	13,720	754,419
Recreation and culture	3,238,999	187,715	-
Total governmental activities	9,359,664	726,251	754,419
Business-type activities:			
Water and wastewater	8,896,780	8,747,740	-
Total Primary Government	\$18,256,444	\$ 9,473,991	\$ 754,419

\$ 1,634,987

General revenues:

Property taxes

State shared revenues

Interest

Gain on sale of capital assets

Other

Total General Revenues

Change in Net Assets

Net Assets - Beginning

Net Assets - Ending

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business Type Activities	Total
\$ (1,123,648)	\$ -	\$ (1,123,648)
(1,931,491)	-	(1,931,491)
(1,614,742)	-	(1,614,742)
(69,389)	-	(69,389)
<u>(2,913,019)</u>	<u>-</u>	<u>(2,913,019)</u>
(7,652,289)	-	(7,652,289)
<u>-</u>	<u>1,259,242</u>	<u>1,259,242</u>
<u>(7,652,289)</u>	<u>1,259,242</u>	<u>(6,393,047)</u>
7,701,414	-	7,701,414
2,131,287	-	2,131,287
822,524	1,533,879	2,356,403
46,399	-	46,399
<u>56,382</u>	<u>-</u>	<u>56,382</u>
<u>10,758,006</u>	<u>1,533,879</u>	<u>12,291,885</u>
3,105,717	2,793,121	5,898,838
<u>45,494,721</u>	<u>93,260,700</u>	<u>138,755,421</u>
<u>\$48,600,438</u>	<u>\$96,053,821</u>	<u>\$144,654,259</u>

Holland Charter Township, Michigan
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2006

	General Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and investments	\$ 11,041,408	\$ 5,094,677	\$16,136,085
Receivables:			
Taxes	5,148,496	-	5,148,496
Accounts	75,087	16,186	91,273
Interest	87,741	36,869	124,610
Due from other governments	359,193	-	359,193
 Total Assets	 <u>\$ 16,711,925</u>	 <u>\$ 5,147,732</u>	 <u>\$21,859,657</u>
LIABILITIES			
Accounts payable	\$ 191,863	\$ 67,917	\$ 259,780
Accrued payroll	42,077	10,646	52,723
Compensated absences payable	108,852	32,996	141,848
Deferred revenue	7,999,138	12	7,999,150
 Total Liabilities	 <u>8,341,930</u>	 <u>111,571</u>	 <u>8,453,501</u>
FUND BALANCES			
Reserved:			
E-unit and police services	999,220	-	999,220
Bike paths	268,413	-	268,413
Construction code activities	-	95,245	95,245
Unreserved-reported in:			
General Fund	7,102,362	-	7,102,362
Special Revenue Funds	-	2,409,528	2,409,528
Capital Projects Funds	-	2,531,388	2,531,388
 Total Fund Balances	 <u>8,369,995</u>	 <u>5,036,161</u>	 13,406,156
 Total Liabilities and Fund Balances	 <u>\$ 16,711,925</u>	 <u>\$ 5,147,732</u>	
Amount reported for governmental activities in the statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources and are not reported in the funds			
General capital assets			18,776,709
Infrastructure assets			14,626,654
Grants and contributions receivable are not available to pay for current expenditures and are therefore deferred in the funds			411,719
State shared revenues (sales taxes) collected and held by the State at year end are not considered available to pay for current year expenditures			336,724
Long term liabilities are not due and payable in the current period and are not reported in the funds			(240,000)
Internal Service Funds are included as part of governmental activities			<u>1,282,476</u>
 Net Assets of Governmental Activities			 <u>\$48,600,438</u>

See Notes to Financial Statements

Holland Charter Township, Michigan
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2006

	General Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 7,701,404	\$ 10	\$ 7,701,414
Licenses and permits	74,805	367,110	441,915
Grants	-	804,419	804,419
State shared revenues	2,145,387	-	2,145,387
Local unit contributions	-	73,756	73,756
Charges for services	79,805	117,338	197,143
Interest and rent	584,967	228,219	813,186
Other	148,338	657,490	805,828
Total Revenues	<u>10,734,706</u>	<u>2,248,342</u>	<u>12,983,048</u>
Expenditures:			
Current:			
General government	1,050,006	27,775	1,077,781
Public safety	1,600,117	457,027	2,057,144
Public works	1,622,660	-	1,622,660
Community and economic development	269,553	555,719	825,272
Recreation and culture	2,533,253	240,030	2,773,283
Other	155,158	37,231	192,389
Capital outlay	-	1,664,659	1,664,659
Total Expenditures	<u>7,230,747</u>	<u>2,982,441</u>	<u>10,213,188</u>
Excess of Revenues Over (Under) Expenditures	<u>3,503,959</u>	<u>(734,099)</u>	<u>2,769,860</u>
Other Financing Sources (Uses):			
Transfers in	780,000	1,595,000	2,375,000
Transfers out	<u>(2,868,138)</u>	<u>(780,000)</u>	<u>(3,648,138)</u>
Total Other Financing Sources (Uses)	<u>(2,088,138)</u>	<u>815,000</u>	<u>(1,273,138)</u>
Net Change in Fund Balances	1,415,821	80,901	1,496,722
Fund Balances - January 1	<u>6,954,174</u>	<u>4,955,260</u>	<u>11,909,434</u>
Fund Balances - December 31	<u>\$ 8,369,995</u>	<u>\$ 5,036,161</u>	<u>\$13,406,156</u>

Holland Charter Township, Michigan
**RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES
 IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**
 Year Ended December 31, 2006

Net change in fund balances-Total Governmental Funds \$ 1,496,722

Amounts reported for the governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; in the statement of activities these costs are allocated over their estimated useful lives as depreciation:

Current year capital outlays capitalized - general capital assets	1,495,353
Current year capital outlays capitalized - infrastructure capital assets	1,316,416
Current year depreciation expense on capitalized assets	(2,028,245)

Governmental funds report the proceeds from the disposal of capital assets. In the statement of activities only the gain or loss is reported for each disposal. Therefore the change in net assets differs from the change in fund balance by the net book value of assets disposed (946)

Timing of revenue recognition differs in the statement of activities versus the funds financial statements for certain revenues that do not provide current financial resources

Grants and contributions	(511,959)
State shared revenues	(14,100)

Repayments of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets 70,000

An internal service fund is used by management to charge the costs of post-employment health care benefits to individual funds. A portion of the net revenue (expenses) of the internal service fund is reported with governmental activities 1,282,476

Change in net assets of governmental activities \$ 3,105,717

Holland Charter Township, Michigan
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2006

	Enterprise Funds				
	Water Operating	Wastewater Operating	Water and Wastewater Construction and Debt Service	Total	OPEB Internal Service Fund
ASSETS					
Current Assets:					
Cash and investments	\$ 6,887,552	\$ 5,354,845	\$15,468,515	\$27,710,912	\$ 2,019,747
Receivables:					
Accounts	476,923	492,049	-	968,972	-
Interest	53,063	43,346	117,008	213,417	1,035
Due from other governments	264,749	979	-	265,728	-
Inventories	76,001	-	-	76,001	-
Prepaid items	8,484	8,484	-	16,968	-
Total Current Assets	<u>7,766,772</u>	<u>5,899,703</u>	<u>15,585,523</u>	<u>29,251,998</u>	<u>2,020,782</u>
Noncurrent Assets:					
Assessments receivable	-	-	4,073,628	4,073,628	-
Deferred charges	-	-	142,801	142,801	-
Capital assets	3,183,260	4,524,277	61,128,255	68,835,792	-
Total Noncurrent Assets	<u>3,183,260</u>	<u>4,524,277</u>	<u>65,344,684</u>	<u>73,052,221</u>	<u>-</u>
Total Assets	<u>10,950,032</u>	<u>10,423,980</u>	<u>80,930,207</u>	<u>102,304,219</u>	<u>2,020,782</u>
LIABILITIES					
Current Liabilities:					
Accounts payable	39,421	160,184	8,045	207,650	-
Accrued payroll	22,247	18,583	-	40,830	-
Compensated absences payable	53,437	61,499	-	114,936	-
Due to other governments	-	70,125	-	70,125	-
Current portion of long-term debt	-	-	804,500	804,500	-
Total Current Liabilities	<u>115,105</u>	<u>310,391</u>	<u>812,545</u>	<u>1,238,041</u>	<u>-</u>
Noncurrent Liabilities:					
Deferred revenue	20,822	-	-	20,822	-
Deferred refunding gain (loss)	-	-	(199,159)	(199,159)	-
Long-term debt	-	-	5,929,000	5,929,000	-
Total Noncurrent Liabilities	<u>20,822</u>	<u>-</u>	<u>5,729,841</u>	<u>5,750,663</u>	<u>-</u>
Total Liabilities	<u>135,927</u>	<u>310,391</u>	<u>6,542,386</u>	<u>6,988,704</u>	<u>-</u>
NET ASSETS					
Invested in capital assets, net of related deb	3,183,260	4,524,277	54,394,755	62,102,292	-
Unrestricted, designated for capital projects	-	-	19,993,066	19,993,066	-
Unrestricted, undesignated	7,630,845	5,589,312	-	13,220,157	2,020,782
Total Net Assets	<u>\$10,814,105</u>	<u>\$10,113,589</u>	<u>\$74,387,821</u>	<u>95,315,515</u>	<u>\$ 2,020,782</u>
Adjustment to reflect the consolidation of internal service fund activities to enterprise funds				738,306	
Net assets of business-type activities				<u>\$96,053,821</u>	

Holland Charter Township, Michigan
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
Year Ended December 31, 2006

	Enterprise Funds				
	Water Operating	Wastewater Operating	Water and Wastewater Construction and Debt Service	Total	OPEB Internal Service Fund
Operating Revenues:					
Water sales	\$ 4,737,492	\$ -	\$ -	\$ 4,737,492	\$ -
Sewage disposal service	-	3,628,738	-	3,628,738	-
Other revenues	231,325	10	150,175	381,510	-
Total Operating Revenues	<u>4,968,817</u>	<u>3,628,748</u>	<u>150,175</u>	<u>8,747,740</u>	<u>-</u>
Operating Expenses:					
Cost of water	2,294,674	-	-	2,294,674	-
Water connections	158,729	-	-	158,729	-
Cost of sewage disposal	-	1,640,631	-	1,640,631	-
Operation and maintenance	864,251	620,997	-	1,485,248	-
General and administrative	302,407	278,380	4,700	585,487	-
Depreciation	156,145	196,235	1,947,814	2,300,194	-
Total Operating Expenses	<u>3,776,206</u>	<u>2,736,243</u>	<u>1,952,514</u>	<u>8,464,963</u>	<u>-</u>
Operating Income (Loss)	<u>1,192,611</u>	<u>892,505</u>	<u>(1,802,339)</u>	<u>282,777</u>	<u>-</u>
Nonoperating Revenues (Expenses)					
Interest income	300,228	233,786	994,489	1,528,503	14,714
Interest expense	-	-	(431,817)	(431,817)	-
Total Nonoperating Revenues (Expenses)	<u>300,228</u>	<u>233,786</u>	<u>562,672</u>	<u>1,096,686</u>	<u>14,714</u>
Income Before Contributions and Transfers	1,492,839	1,126,291	(1,239,667)	1,379,463	14,714
Capital contributions	-	-	1,408,282	1,408,282	-
Transfers in	-	-	855,000	855,000	2,006,068
Transfers out	<u>(710,219)</u>	<u>(877,711)</u>	<u>-</u>	<u>(1,587,930)</u>	<u>-</u>
Change in Net Assets	782,620	248,580	1,023,615	2,054,815	2,020,782
Net Assets - January 1	<u>10,031,485</u>	<u>9,865,009</u>	<u>73,364,206</u>	<u>93,260,700</u>	<u>-</u>
Net Assets - December 31	<u>\$ 10,814,105</u>	<u>\$ 10,113,589</u>	<u>\$ 74,387,821</u>	<u>95,315,515</u>	<u>\$ 2,020,782</u>
Adjustment to reflect the consolidation of internal service fund activities to enterprise funds				<u>738,306</u>	
Change in net assets of business-type activities				<u>\$ 96,053,821</u>	

Holland Charter Township, Michigan
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2006

	Enterprise Funds				OPEB Internal Service Fund
	Water Operating	Wastewater Operating	Water and Wastewater Construction and Debt Service	Total	
Cash Flows From Operating Activities:					
Receipts from customers	\$ 4,632,070	\$ 3,567,757	\$ 150,175	\$ 8,350,002	\$ -
Received from interfund charges	-	-	-	-	-
Payments to suppliers	(3,793,458)	(3,048,189)	(4,700)	(6,846,347)	-
Payments to employees	(532,979)	(409,108)	-	(942,087)	-
Other receipts (payments)	231,325	10	-	231,335	-
Net Cash Provided By Operating Activities	<u>536,958</u>	<u>110,470</u>	<u>145,475</u>	<u>792,903</u>	<u>-</u>
Cash Flows From Noncapital Financing Activities:					
Transfers from/to other funds	<u>(710,219)</u>	<u>(877,711)</u>	<u>855,000</u>	<u>(732,930)</u>	<u>2,006,068</u>
Cash Flows From Capital and Related Financing Activities:					
Capital contributions	-	-	1,521,094	1,521,094	-
Construction and purchase of capital assets	(38,570)	(334,313)	(487,243)	(860,126)	-
Principal paid on capital debt	-	-	(1,390,500)	(1,390,500)	-
Interest paid on capital debt	-	-	(358,862)	(358,862)	-
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>(38,570)</u>	<u>(334,313)</u>	<u>(715,511)</u>	<u>(1,088,394)</u>	<u>-</u>
Cash Flows From Investing Activities:					
Interest received on investments	<u>286,825</u>	<u>232,082</u>	<u>968,771</u>	<u>1,487,678</u>	<u>13,679</u>
Net Increase in Cash and Investments	74,994	(869,472)	1,253,735	459,257	2,019,747
Cash and Investments - January 1	<u>6,812,558</u>	<u>6,224,317</u>	<u>14,214,780</u>	<u>27,251,655</u>	<u>-</u>
Cash and Investments - December 31	<u>\$ 6,887,552</u>	<u>\$ 5,354,845</u>	<u>\$15,468,515</u>	<u>\$27,710,912</u>	<u>\$ 2,019,747</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided By Operating Activities:					
Operating income (loss)	\$ 1,192,611	\$ 892,505	\$ (1,802,339)	\$ 282,777	\$ -
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	156,145	196,235	1,947,814	2,300,194	-
Change in assets and liabilities:					
Receivables	(91,364)	(60,981)	-	(152,345)	-
Other assets	(267,837)	(726)	-	(268,563)	-
Accounts payable	(441,128)	(926,212)	-	(1,367,340)	-
Accrued and other liabilities	(11,469)	9,649	-	(1,820)	-
Net Cash Provided By Operating Activities	<u>\$ 536,958</u>	<u>\$ 110,470</u>	<u>\$ 145,475</u>	<u>\$ 792,903</u>	<u>\$ -</u>
Noncash capital financing activities:					
Contribution of capital assets from developers	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 620,685</u>	<u>\$ 620,685</u>	<u>\$ -</u>

See Notes to Financial Statements

Holland Charter Township, Michigan
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
December 31, 2006

	Agency Fund Type	
	Tax Collection	Escrow Deposit
ASSETS		
Cash and investments	\$ 1,730,938	\$ 5,763
Accounts receivable	3,384	-
Accrued interest receivable	-	45
 Total Assets	 <u>\$ 1,734,322</u>	 <u>\$ 5,808</u>
 LIABILITIES		
Accounts payable	\$ 103,320	\$ -
Due to other governments	1,631,002	-
Deferred revenue	-	5,808
 Total Liabilities	 <u>\$ 1,734,322</u>	 <u>\$ 5,808</u>

Holland Charter Township, Michigan
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2006

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Holland Charter Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Holland Charter Township:

A. Reporting Entity

The Charter Township of Holland is governed by an elected seven-member board of trustees. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the township's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government (see discussion below for description).

Blended Component Unit. The Economic Development Corporation (EDC) of the Charter Township of Holland is governed by a nine-member board of directors appointed by the township's board of trustees. The EDC promotes economic development within the township through various means including issuance of the Corporation's economic development revenue bonds to finance economic development projects, which require approval by the township's board of trustees. The EDC is reported as a special revenue fund.

Discretely Presented Component Unit. The township has no discretely presented component units.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. (Holland Charter Township has no such component units.)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Those revenues susceptible to accrual are property taxes, special assessments, licenses, interest revenue, and charges for services. Sales taxes (state shared revenues) collected and held by the State at year end on behalf of the township and paid to the township at the end of the following February are recognized as revenue in the year received. Such amounts are not normally received within 60 days of the end of the current fiscal year and are budgeted for use by the township in the year received. Other revenue is recorded when received.

The township reports the following major governmental funds:

General Fund

The General Fund is the township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The government reports the following major proprietary funds:

Water Operating Fund

This fund is used to account for the operation and maintenance of a water distribution system, including storage tanks, pumping stations, distribution mains and services and related equipment. Water is purchased from the City of Wyoming for storage and distribution to the township's customers, including portions of neighboring Park and Zeeland Townships.

Wastewater Operating Fund

This fund is used to account for the operation and maintenance of a wastewater collection system. The township owns a portion of the capacity of the Holland City Wastewater Treatment Plant, with whom the township contracts for wastewater treatment services.

Water and Wastewater Construction and Debt Service Fund

This fund is used to account for the construction of major water and wastewater systems improvements and additions, which may be financed by issuing bonds or by assessments charged to the benefiting properties. This fund also accounts for the fixed assets after construction and the accumulation of resources for and the payment of long-term debt resulting from such projects.

Additionally, the government reports the following fund types:

Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes.

Capital Project Funds

The Capital Project Funds are used to account for resources restricted for the acquisition or construction of specific capital projects or items.

Proprietary Funds

Internal Service Funds

The OPEB Internal Service Fund accounts for internal premium charges to departments and funds, retiree premium co-payments, commercial health insurance premiums and contractual expenses associated with provision for health benefits for eligible retired employees of the township.

Fiduciary Funds (Not included in government-wide statements)

Agency Funds

Agency Funds account for assets held by the township in a purely custodial capacity. Since agency funds are custodial in nature (i.e., assets equal liabilities), they do not involve the measurement of results of operations.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The township has elected not to follow private-sector standards issued after November 30, 1989 for its business-type activities.

As a general rule, the effect of the interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the township's water and sewer function and various other functions of the township. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relate to charges to customers for sales and services. The water and sewer fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

When both restricted and unrestricted resources are available for use, it is the township's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Net Assets or Equity

1. Bank Deposits and Investments.

The township pools cash resources of its various funds to facilitate the management of cash. The balances in the pooled cash accounts are available to meet current operating requirements. Cash in excess of current requirements is invested in various interest bearing securities and disclosed as part of the township's investments. The following accounts are maintained on a separate basis outside of the combined cash management pool: petty cash and imprest cash accounts; the Tax Collection Fund; and an agency fund.

For purposes of the statement of cash flows, the proprietary funds type considers all transactions within the township's pooled cash accounts to be cash and cash equivalents.

Investments are recorded at fair value. Interest income earned by the pool is allocated by capturing the average daily balance of each individual fund relative to the average daily balance of all funds participating in the pool. For various periods of time during the fiscal year, certain funds experienced negative daily cash balance positions in the pool; in which cases these same funds were charged with an allotted share of "negative investment earnings" directly correlating to the negative average daily balance participation in the pool.

2. *Receivables and Payables.*

In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

3. *Inventories and Prepaid Items.*

Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are not material and are recorded as expenditures when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

4. *Capital Assets.*

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current year \$0 of interest expense was capitalized as part of the cost of assets under construction.

Included in capital assets are the township's investment in roads and drains within the township that are recorded as intangible assets (shared road improvements and flowage rights). Although paid for by the township, Michigan law makes these assets property of the County (along with the responsibility to maintain them).

Property, plant and equipment is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	5-20
Water and Sewer Lines	20-50
Roads	10-30
Other Infrastructure	10-15
Vehicles	3-25
Office Equipment	5-20
Computer Equipment	3-5

5. *Compensated Absences.*

It is the township's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vested and accumulated vacation leave is expected to be liquidated with expendable available financial resources and is reported as an expenditure and a fund liability of the government-wide, governmental and proprietary fund financial statements. A liability is recognized for that portion of accumulating sick leave benefits (50%) that is estimated will be taken as "terminal leave" prior to retirement.

6. Long-Term Obligations.

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

7. Fund Equity.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

E. Property Taxes

Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Real and personal property taxes are collected without additional charge through February 14. The township continues to collect taxes until March 1, at which time the delinquent real property taxes are returned to the county for collection. Taxes returned delinquent to the county treasurer are subject to penalty and interest. The county's policy has been to pay the township for all delinquent real property taxes returned. The township continues to collect delinquent personal property taxes.

Although the township's 2005 ad valorem tax is levied and collectible on December 1, 2005, it is the township's policy to recognize revenue from this levy in the year ended December 31, 2006, when the proceeds of this levy are budgeted and made available for the financing of operations.

The 2005 taxable equivalency valuation of the township totaled \$1,206,391,315 (\$1,145,209,688 ad valorem and \$61,181,627 abated property), on which taxes levied consisted of 3.6347 mills for operating purposes, 1.3253 mills for library services, 0.85 mills for E-unit services and 0.49 mills for bike paths. This resulted in \$4,384,870 for operating, \$1,598,830 for library services, \$1,025,433 for E-unit services and \$591,132 for bike paths. These amounts are recognized in the General Fund financial statements as tax revenue.

F. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

NOTE 2. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Township Board has designated several banks for the deposit of township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all of State statutory authority as listed above.

The township's deposits and investment policy are in accordance with statutory authority.

At year-end, the township's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Business-Type Activities	Fiduciary Funds	Total
Cash and Investments	<u>\$ 16,136,085</u>	<u>\$ 29,730,659</u>	<u>\$ 1,736,701</u>	<u>\$ 47,603,445</u>

The breakdown between deposits and investments is as follows:

Bank Deposits (checking and savings accounts, certificates of deposit)	\$ 8,782,364
Investments	<u>38,821,081</u>
Total	<u>\$ 47,603,445</u>

Deposits

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the township's deposits may not be returned. The township does not have a deposit policy for custodial credit risk. At year end the bank balance of the township's deposits was \$9,122,521 of which \$200,000 was covered by federal depository insurance and \$8,922,521 was exposed to custodial credit risk because it was uninsured and uncollateralized. The township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the township evaluates each financial institution with which it deposits township funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Investments

The township chooses to disclose its investments by utilizing the specific identification method. As of December 31, 2006 the township had the following investments.

US Government Agency Obligations	\$ 37,602,639
Money Market Accounts	1,167,892
Investment Pools	<u>50,550</u>
Total	<u>\$ 38,821,081</u>

The township's investment in US Government Agency Obligations at year end consists of:

Investment	Maturities	Fair Value	Investment	Maturities	Fair Value
Federal Home Loan Bank	02-09-07	\$ 997,500	Federal Home Loan Bank	08-18-09	\$ 994,380
Federal Home Loan Bank	03-02-07	999,380	Federal Home Loan Bank	09-15-09	2,483,600
Federal Home Loan Bank	05-14-07	1,106,292	Federal Home Loan Bank	10-23-09	1,183,681
Federal Home Loan Bank	05-23-07	992,810	Federal Home Loan Bank	10-26-10	995,000
Federal Home Loan Bank	10-18-07	985,630	Federal Home Loan Bank	12-20-10	1,566,175
Federal Home Loan Bank	12-12-07	2,033,354	Federal Home Loan Bank	12-29-10	996,880
Federal Home Loan Bank	12-26-07	985,940	Federal Home Loan Bank	03-28-11	994,690
Federal Home Loan Bank	12-26-07	991,250	Federal Home Loan Bank	08-24-11	999,687
Federal Home Loan Bank	06-30-08	492,190	Federal Home Loan Bank	12-07-12	980,940
Federal Home Loan Bank	07-17-08	1,983,760	Federal National Mtg Assoc	01-30-07	1,995,620
Federal Home Loan Bank	07-28-08	995,630	Federal National Mtg Assoc	07-30-07	1,970,000
Federal Home Loan Bank	09-24-08	999,060	Federal National Mtg Assoc	07-02-08	970,940
Federal Home Loan Bank	10-28-08	978,750	Federal National Mtg Assoc	02-17-09	1,949,700
Federal Home Loan Bank	12-12-08	994,690	Federal National Mtg Assoc	04-07-09	998,130
Federal Home Loan Bank	12-19-08	986,880	Federal Home Loan Mtg Corp	11-03-08	996,840
			Federal Home Loan Mtg Corp	06-30-10	<u>1,003,260</u>
			Total		<u>\$ 37,602,639</u>

Interest rate risk. Except as limited by state law as listed in the above list of authorized investments the township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk. The township has no investment policy that limits its investment choices beyond those required by state law. The township's investments in US Government Agency Obligations were rated AAA by Standard & Poor's.

At year end the township had \$1,167,892 in permissible money market funds and \$50,550 in permissible investment pools that are not separately rated.

Custodial Credit Risk-Investments. For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the township will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. The township has not adopted a policy for investment custodial credit risk. As of December 31, 2006, the township's investments were held by a third party in the township's name. The township's investments in money market accounts are not subject to risk categorization.

Concentration of Credit Risk. State law does not limit and the township has not adopted a formal policy on the amount the township may invest in any one issuer. More than 5% of the township's investments are in the Federal Home Loan Bank (71.4%), Federal National Mortgage Association (20.3%), and the Federal Home Loan Mortgage Corporation (5.2%).

B. Receivables

Receivables as of year-end for the township's individual major funds, and non-major funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Enterprise			Non-major Funds	Internal Service	Agency	Total
		Water Operating	Wastewater Operating	Construction				
Receivables:								
Taxes	\$ 5,174,559	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,174,559
Accounts	75,087	476,923	492,049	-	16,186	-	3,384	1,063,629
Interest	87,741	53,063	43,346	117,008	36,869	1,035	45	346,424
Intergovernmental	359,193	264,749	979	-	-	-	-	640,627
Special assessments	-	-	-	4,073,628	-	-	-	4,073,628
Gross receivables	5,696,580	794,735	536,374	4,190,636	53,055	1,035	3,429	11,298,867
Allowance for uncollectibles	(26,063)	-	-	-	-	-	-	(26,063)
Net Total Receivables	\$ 5,670,517	\$ 794,735	\$ 536,374	\$ 4,190,636	\$ 53,055	\$ 1,035	\$ 3,429	\$ 11,272,804

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	Unavailable	Unearned
Rent	\$ -	\$ 125
Property Taxes	7,999,025	-
Total Deferred Revenues	\$ 7,999,025	\$ 125

C. Capital Assets

Capital asset activity of the township for the current year was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Completed Construction	Ending Balance
Capital Assets Not Being Depreciated					
Land	\$ 5,936,258	\$ 271,913	\$ -	\$ -	\$ 6,208,171
Construction in progress	-	141,432	-	-	141,432
Subtotal	5,936,258	413,345	-	-	6,349,603
Capital Assets Being Depreciated					
Building and Improvements	5,823,861	19,508	-	-	5,843,369
Land improvements	7,428,916	858,476	(123,688)	-	8,163,704
Machinery and equipment	1,513,392	124,492	(211,329)	-	1,426,555
Office furniture and equipment	587,260	52,230	(72,975)	-	566,515
Vehicles	2,764,255	27,302	(226,937)	-	2,564,620
Infrastructure	22,123,928	1,316,416	(323,819)	-	23,116,525
Subtotal	40,241,612	2,398,424	(958,748)	-	41,681,288
Less Accumulated Depreciation for					
Building and Improvements	(1,489,137)	(162,054)	-	-	(1,651,191)
Land improvements	(2,101,176)	(370,355)	123,688	-	(2,347,843)
Machinery and equipment	(776,724)	(143,394)	210,383	-	(709,735)
Office furniture and equipment	(377,348)	(49,958)	72,975	-	(354,331)
Vehicles	(1,141,188)	(160,306)	226,937	-	(1,074,557)
Infrastructure	(7,671,512)	(1,142,178)	323,819	-	(8,489,871)
Subtotal	(13,557,085)	(2,028,245)	957,802	-	(14,627,528)
Net Capital Assets Being Depreciated	26,684,527	370,179	(946)	-	27,053,760
Governmental Activities Total					
Capital Assets-Net of Depreciation	\$ 32,620,785	\$ 783,524	\$ (946)	\$ -	\$ 33,403,363

Depreciation expense was charged to governmental functions as follows:

General government	\$ 102,839
Public safety	253,531
Public works	1,153,402
Community and economic development	-
Recreation and culture	518,473
	\$ 2,028,245

Business-Type Activities	Beginning Balance	Increases	Decreases	Completed Construction	Ending Balance
Capital Assets Not Being Depreciated					
Land	\$ 214,653	\$ -	\$ -	\$ -	\$ 214,653
Construction in progress	174,711	826,562	-	(689,855)	311,418
Subtotal	389,364	826,562	-	(689,855)	526,071
Capital Assets Being Depreciated					
Buildings	1,843,763	-	-	-	1,843,763
Improvements other than buildings	265,148	-	(89,254)	-	175,894
Machinery and equipment	912,405	71,052	(106,340)	-	877,117
Vehicles	582,087	16,346	(28,612)	-	569,821
Water and wastewater systems	94,820,966	1,263,288	-	-	96,084,254
Subtotal	98,424,369	1,350,686	(224,206)	-	99,550,849
Less Accumulated Depreciation for					
Buildings	(558,468)	(47,098)	-	-	(605,566)
Improvements other than buildings	(166,385)	(8,795)	89,254	-	(85,926)
Machinery and equipment	(568,465)	(69,362)	106,150	-	(531,677)
Vehicles	(282,024)	(63,673)	28,612	-	(317,085)
Water and wastewater systems	(27,589,608)	(2,111,266)	-	-	(29,700,874)
Subtotal	(29,164,950)	(2,300,194)	224,016	-	(31,241,128)
Net Capital Assets Being Depreciated	69,259,419	(949,508)	(190)	-	68,309,721
Business-Type Activities Total					
Capital Assets - Net of Depreciation	<u>\$ 69,648,783</u>	<u>\$ (122,946)</u>	<u>\$ (190)</u>	<u>\$ (689,855)</u>	<u>\$ 68,835,792</u>

Depreciation expense was charged to business-type activities as follows:

Water and wastewater \$ 2,300,194

Construction Commitments-The township has active construction projects at year-end. At year-end the township's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
Park improvement projects	\$ 860,189	\$ 140,708
Bike path construction projects	-	20,000
Road and storm sewer construction projects	245,414	170,052
Total	<u>\$ 1,105,603</u>	<u>\$ 330,760</u>

D. Interfund Receivables, Payables and Transfers

At December 31, 2006, there were no interfund balances. Interfund transfers reported in the funds statements were as follows:

	Transfers Out				
	General Fund	Non-major Governmental Funds	Water Operating Fund	Wastewater Operating Fund	Total
Transfers In					
General Fund	\$ -	\$ 780,000 (3)	\$ -	\$ -	\$ 780,000
Lake Macatawa Management Fund	30,000 (1)	-	-	-	30,000
Dunton Park Fund	150,000 (2)	-	-	-	150,000
Helder Park Fund	585,000 (2)	-	-	-	585,000
Quincy Park Fund	100,000 (2)	-	-	-	100,000
JB Laboratories Fund	100,000 (2)	-	-	-	100,000
Building and Site Fund	300,000 (2)	-	-	-	300,000
Capital Improvements Fund	50,000 (2)	-	-	-	50,000
Fire Equipment Replacement Fund	280,000 (2)	-	-	-	280,000
OPEB Benefits Fund	1,273,138 (4)	-	350,219 (4)	382,711	2,006,068
Water and Wastewater Construction and Debt Service Fund	-	-	360,000 (5)	495,000	855,000
	<u>\$ 2,868,138</u>	<u>\$ 780,000</u>	<u>\$ 710,219</u>	<u>\$ 877,711</u>	<u>\$ 5,236,068</u>

The following describes the nature of significant transfers:

- (1) Transfers from General Fund for operating purposes
- (2) Transfers from General Fund for capital construction, acquisition, or project working capital
- (3) Return of transfers from General Fund for project working capital
- (4) Transfers from General Fund and from Water and Wastewater Operating Funds for OPEB
- (5) Transfers from Water and Wastewater Operating Funds for debt service

E. Long-Term Debt

The township issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. County contractual agreements and installment purchase agreements are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the government is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the district) are received. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

Bond and contractual obligation activity can be summarized as follows:

	Original Issue	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities						
Long-term contract						
Park-Holland Township Water & Sewer Authority, interest rates from 3.5% to 5.5%, maturing 2009	\$ 825,000	\$ 310,000	\$ -	\$ (70,000)	\$ 240,000	\$ 75,000
Business-Type Activities						
County Contractual Obligations						
Wastewater treatment plant refunding, interest rates from 2.8% to 4.75%, maturing 2014	\$ 3,570,000	\$ 2,229,000	\$ -	\$ (205,500)	\$ 2,023,500	\$ 214,500
Water system, interest rates from 3.7% to 5.15%, maturing 2018	3,920,000	2,930,000	-	(165,000)	2,765,000	175,000
Water and wastewater system refunding, interest rates from 2.8% to 5.5%, maturing 2011	17,095,000	2,965,000	-	(1,020,000)	1,945,000	415,000
	<u>\$ 8,124,000</u>	<u>\$ -</u>	<u>\$ (1,390,500)</u>	<u>\$ 6,733,500</u>	<u>\$ 804,500</u>	

Annual debt service requirements to maturity for the above obligations are as follows:

Year End December 31	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2007	\$ 75,000	\$ 11,644	\$ 804,500	\$ 302,096
2008	80,000	7,187	848,500	265,836
2009	85,000	2,444	889,000	226,930
2010	-	-	936,000	185,113
2011	-	-	606,500	149,893
2012-2016	-	-	2,069,000	401,826
2017-2018	-	-	580,000	44,920
	<u>\$ 240,000</u>	<u>\$ 21,275</u>	<u>\$ 6,733,500</u>	<u>\$ 1,576,614</u>

Holland Charter Township, along with other local municipalities, purchases water from the City of Wyoming for storage and distribution to the township's customers. The City of Wyoming bills Ottawa County for this water purchase which in turn bills the individual municipalities.

Ottawa County has issued general obligation bonds to provide for the construction and acquisition of a portion of the City of Wyoming water system for the benefit of the local municipalities. Each participating municipality has pledged its full faith and credit for the payment of its respective share of contract payments to Ottawa County sufficient to pay the principal and interest on the bonds.

Separate contract payments for principal and interest on these bonds are not made by the township but instead are included as part of the overall water rate charged by Ottawa County to the township.

At December 31, 2006, the portion of these Ottawa County bonds outstanding for which the township has pledged its full faith and credit amounted to \$3,394,876.

The Township Board has approved participation in the 2007 Water Supply System Contract with Ottawa County under essentially the same terms as noted above. Ottawa County will issue bonds to finance a portion of improvements and expansion to the City of Wyoming water system. These new bonds will increase Holland Charter Township's respective share of bonds for which it has pledged its full faith and credit by approximately \$17,800,000.

NOTE 3. OTHER INFORMATION

A. Risk Management

The township is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The township has purchased full multi-peril insurance coverage underwritten by the Michigan Township Participating Plan. The township is fully insured for workers compensation claims by coverage underwritten by the Michigan Municipal Workers Compensation Fund. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

B. Agreement – Wastewater Treatment Plant

In 1979, an agreement between the City of Holland and the Townships of Holland, Fillmore, Laketown, and Park was established to expand the wastewater treatment plant of the City of Holland. In 1994, these parties established a new agreement to once again expand the wastewater treatment plant. This new expansion project, completed in 1995, provides approximately 60% more capacity to accommodate a sustained wastewater flow of 16 million gallons per day.

Because the City of Holland is responsible for the operation and maintenance of the plant and has significant control within the governing body of the plant, the City of Holland accounts for the plant within its Wastewater Utility Fund. The township capitalized its portion of the cost of the expanded plant and recorded as a liability its portion of the County of Ottawa general obligation bonds to finance the 1978 and 1995 expansions.

Operating and maintenance costs are allocated among the user governments based on actual total flow and loading into the wastewater treatment plant. These costs are recovered by customer user charges.

C. Subsequent Events

On January 18, 2007 the Township Board renewed several appropriation agreements for contracted services in the amount of \$48,500 as provided within the township's fiscal year 2007 operating budget.

On February 1, 2007, the Township Board approved the purchase of two new pickup trucks at a net cost of \$24,499 after trade allowances. These purchases are provided for within the township's 2007 capital budget.

D. Contingent Liabilities

Several owners of property in the township have appealed their property assessments to the Michigan Tax Tribunal. The township is also involved in various lawsuits and miscellaneous criminal prosecutions. Although the outcome of these matters is not presently determinable, in the opinion of the township attorney the resolution of these matters will not have a material adverse effect on the financial condition of the township.

E. Jointly Governed Organization

The township, in conjunction with neighboring Park Township, created the Park-Holland Townships Water and Sewer Authority (PHTWSA) in 1994 pursuant to Act 233, Public Acts of Michigan, 1955, as amended, for the purpose of financing the acquisition and/or construction of improvements to the water supply systems, sanitary sewer systems and/or storm sewer systems of these local units of government. Each township appoints two members to PHTWSA's governing board. Currently, PHTWSA receives 100% of its funding from Holland Charter Township which amounted to \$85,000 for 2006. The township would not receive any additional benefit or detriment upon dissolution of this joint venture. The township's equity interest in this joint venture is insignificant. Complete financial statements for PHTWSA can be obtained from Holland Charter Township, 353 North 120th Avenue, Holland MI 49424.

F. Other Post-Employment Benefits

The township has elected to provide postretirement health care, dental and life insurance benefits to certain eligible retired employees. Eligible recipients include all full-time employees who have reached the age of 62 and have worked at least ten years for the township upon their retirement from the township. Such benefits are provided to eligible retirees within the schedule of benefits for the township's pre-Medicare and Medicare supplement insurance plans. The township may provide postretirement benefits to its retirees at its discretion and is not obligated in any manner to provide any postretirement benefits in addition to the pension benefits described under the Defined Contribution Pension Plan note.

As of the end of the fiscal year, 5 eligible retirees and spouses were receiving such postretirement benefits. Expenditures for postretirement benefits are recognized as the township makes payment of monthly premiums to the group provider. For the year ended December 31, 2006, expenditures of \$20,887 were recognized for postretirement health care and dental insurance benefits, which are net of \$14,985 in reimbursements received from retirees.

During 2006, the township established an OPEB Internal Service Fund and received an actuarial valuation to quantify the obligation for retiree health care benefits. The township transferred \$2,006,068 to the OPEB Internal Service Fund from the General Fund, Water Operating Fund, and Wastewater Operating Fund. This amount is equal to the accumulated post-employment benefit obligation for retiree health insurance benefits at December 31, 2006 based on the actuarial valuation.

G. Deferred Compensation Plan

The township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The assets of the plan are held in trust as described in IRC Section 457(g) for the exclusive benefit of the participants and their beneficiaries. The custodian thereof holds the custodial account for the beneficiaries of this Section 457 plan, and the assets may not be diverted for any other use. The Administrators are the agents of the employer for the purpose of providing direction to the custodian of the custodial accounts from time to time for the investment of the funds held in the account, transfer of the assets to or from the account and all other matters. In accordance with the provisions of GASB Statement 32, plan balances and activities are not reflected in the township's financial statements.

H. Pension Plan

The Holland Charter Township Pension Plan is a defined contribution plan established by the township to provide benefits at retirement to eligible employees of the township meeting length of service requirements. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. At December 31, 2006, there were 50 plan participants. The township is required to contribute 9.5% of covered compensation. Plan participants are required to contribute 2.5% of covered compensation. The township contributes 12% of covered compensation for the elected trustees. Contributions to the Plan by the township were \$184,720 for the year ended December 31, 2006. Plan provisions and contribution requirements are established and may be amended by the Holland Charter Township Board.

Required Supplementary Information

Holland Charter Township, Michigan
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget
Revenues:				
Taxes	\$ 7,613,000	\$ 7,681,000	\$ 7,701,404	\$ 20,404
Licenses and permits	67,000	67,000	74,805	7,805
State shared revenues	2,029,000	2,079,000	2,145,387	66,387
Charges for services	79,000	69,000	79,805	10,805
Interest	150,000	450,000	584,967	134,967
Other	99,600	101,600	148,338	46,738
Total Revenues	10,037,600	10,447,600	10,734,706	287,106
Expenditures:				
Current:				
General Government:				
Township Board	35,500	37,500	31,399	6,101
Supervisor	34,700	34,700	31,924	2,776
Superintendent	78,500	78,500	72,349	6,151
Assistant superintendent	72,700	73,700	72,632	1,068
Elections	52,500	37,500	33,943	3,557
Accounting	61,300	61,300	58,336	2,964
Assessor	295,500	285,500	279,291	6,209
Attorney	90,000	100,000	97,957	2,043
Clerk	22,300	26,300	25,108	1,192
Board of Review	4,000	4,000	3,311	689
General administration	134,000	138,000	127,854	10,146
Treasurer	109,800	97,800	92,957	4,843
Computer services	40,600	35,600	30,935	4,665
Building and grounds	59,000	59,000	56,490	2,510
Other property	3,000	1,000	-	1,000
Cemetery	10,500	5,500	3,978	1,522
Unallocated and other	40,000	70,000	31,542	38,458
Total General Government	1,143,900	1,145,900	1,050,006	95,894
Public Safety:				
Sheriff E-Unit and police services	467,000	467,000	434,159	32,841
Zoning enforcement and community policing	583,000	583,000	558,766	24,234
Fire department	695,000	620,000	607,192	12,808
Total Public Safety	1,745,000	1,670,000	1,600,117	69,883
Public Works:				
Leaf collection and cleanup services	52,000	48,000	46,660	1,340
Bike paths	465,000	319,000	330,328	(11,328)
Drains	690,000	174,000	161,134	12,866
Highways, streets and bridges	1,300,000	1,000,000	726,097	273,903
Street lighting	250,000	250,000	248,821	1,179
Public transit	150,000	120,000	109,620	10,380
Total Public Works	2,907,000	1,911,000	1,622,660	288,340

Holland Charter Township, Michigan
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget
Community and Economic Development				
Economic development	52,000	52,000	52,000	-
Northside neighborhood center	36,000	36,000	36,000	-
Planning Commission and administration	82,500	82,500	74,728	7,772
Macatawa Area Coordinating Council	40,000	35,000	33,338	1,662
Zoning Board of Appeals	8,100	8,100	4,749	3,351
Zoning administration	76,000	76,000	68,738	7,262
Total Community and Economic Development	294,600	289,600	269,553	20,047
Recreation and Culture:				
Recreation	297,000	297,000	275,079	21,921
Parks	655,000	570,000	542,689	27,311
Triathlon event	14,000	14,000	13,474	526
Libraries	1,585,000	1,604,000	1,604,098	(98)
Community services	55,000	98,000	97,113	887
Parades and floats	1,000	1,000	800	200
Total Recreation and Culture	2,607,000	2,584,000	2,533,253	50,747
Other:				
Insurance	90,000	85,000	82,541	2,459
Other fringes	77,000	79,000	72,617	6,383
Other	300,000	-	-	-
Total Other	467,000	164,000	155,158	8,842
Total Expenditures	9,164,500	7,764,500	7,230,747	533,753
Excess Of Revenues Over Expenditures	873,100	2,683,100	3,503,959	820,859
Other Financing Sources (Uses):				
Transfers in	780,000	780,000	780,000	-
Transfers out	(710,000)	(2,868,138)	(2,868,138)	-
Total Other Financing Sources (Uses)	70,000	(2,088,138)	(2,088,138)	-
Net Change in Fund Balances	943,100	594,962	1,415,821	820,859
Fund Balances - January 1	6,954,174	6,954,174	6,954,174	-
Fund Balances - December 31	\$ 7,897,274	\$ 7,549,136	\$ 8,369,995	\$ 820,859

Holland Charter Township, Michigan
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
Year Ended December 31, 2006

NOTE - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. Annual appropriated budgets are adopted for the general and special revenue funds. All annual appropriations lapse at fiscal year end. In August of each year, all departments of the township submit requests for appropriations to the superintendent and the finance director so that a budget may be prepared. By September 1, the proposed budget is presented to the Board of Trustees for review. The Board of Trustees holds study sessions and public hearings and a final budget must be prepared and adopted by December 31.

In addition to adopting the annual operating budget, the Board of Trustees annually reviews and approves the Capital Improvement Program (CIP). The CIP is a five-year plan for capital project expenditures and anticipated revenue sources. The CIP is reviewed and approved during the months of June and July of each year.

The budget document presents information by fund, function, department and line items. The legal level of budgetary control adopted by the governing body is the department level. The appropriated budget is prepared by fund, function and department. Expenditures may not legally exceed budget appropriations at the department level within the fund. Appropriated budgets are amended from time to time throughout the course of the fiscal year by supplementary resolutions approved by a majority vote of the Board of Trustees.

Amounts encumbered for purchase orders, contracts, etc., are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

B. Excess of Expenditures Over Appropriations in Budgeted Funds

During the year, the township incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated, as follows:

Budget Items	Budget Appropriation	Actual Expenditure
General Fund - Bike paths	\$ 319,000	\$ 330,328
General Fund - Libraries	1,604,000	1,604,098
Jim Kaat Baseball Park Fund - Operations and maintenance	23,000	24,279
Jim Kaat Baseball Park Fund - Capital outlay	123,000	131,475

Supplemental Data

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are established to account for the proceeds of specific revenue sources other than expendable trusts, or major capital projects that are legally restricted to expenditures for specified purposes.

Youth Recreation Fund – was established to account for the recreational fees, contributions and township funds expended for recreation programs involving children and youth participants.

Lake Macatawa Watershed Management Fund – was established to account for grants, contributions and township funds expended for management of the Lake Macatawa Watershed. The Macatawa Watershed Project is a ten-year plan to reduce the nonpoint sources of phosphorus in the watershed as directed by federal and state environmental agencies.

Dunton Park Fund – was established to account for grants, contributions and township funds expended for acquisition, improvement and maintenance of Dunton Park.

Helder Park Fund – was established to account for grants, contributions and township funds expended for acquisition, improvement and maintenance of Helder Park.

Jim Kaat Baseball Park Fund – was established to account for contributions, township funds and other revenues expended for construction, improvement and maintenance of a little league baseball park complex located at Helder Park.

Quincy Park Fund – was established to account for grants, contributions and township funds expended for acquisition, improvement and maintenance of Quincy Park.

Building Department Fund – was established to account for revenues and expenditures related to the cost of operating the building construction code enforcement activities of the township. The fund is required by PA 230 of 1972, as amended by PA 245 of 1999.

Lakeshore Vision Fund – was established to account for grants and local match monies loaned to Lakeshore Vision & Robotics, LLC for equipment, professional fees and operations.

Boar's Head Fund – was established to account for grants and local match monies for wastewater pre-treatment and infrastructure upgrades for expansion of the Boar's Head Provisions Co., Inc. manufacturing facility.

Agritek Fund – was established to account for grants and local match monies for infrastructure upgrades for relocation and expansion of Agritek Industries, Inc.

JB Laboratories Fund – was established to account for grants and local match monies for infrastructure upgrades for expansion of JB Laboratories, Inc.

ADW Brownfield Fund – was established to account for receipt of locally derived tax increment financing monies and payments to ADW LLC for eligible costs incurred involving cleanup and/or redevelopment of an environmentally contaminated site.

Economic Development Corporation – was established to account for the fees and expenses of the Economic Development Program.

Quincy Park Clean-Up Fund – was established to account for the grants received from the state and township contributions with the monies to be used for the clean up of Quincy Park.

Capital Projects Funds

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Building and Site Fund – this fund accounts for contributions from the General Fund to be used for property acquisitions and for building additions and improvements.

Capital Improvement Fund – this fund receives contributions from the General Fund for future township capital projects.

Fire Equipment Replacement Fund – this fund receives contributions from the General Fund to be used for replacing fire equipment.

Industrial Park Fund – this fund receives monies to be used for the development of industrial parks.

Holland Charter Township, Michigan
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2006

	Special Revenue Funds								
	Youth Recreation	Lake Macatawa Management	Dunton Park	Helder Park	Jim Kaat Baseball Park	Quincy Park	Building Department	Lakeshore Vision	Boar's Head CDBG
ASSETS									
Cash and investments	\$ 29,491	\$ 131,702	\$ 335,369	\$ 256,721	\$ 332,975	\$ 821,085	\$ 237,644	\$ -	\$ 152,490
Receivables:									
Accounts	-	-	-	-	16,186	-	-	-	-
Interest	364	988	2,547	4,141	-	6,110	2,101	-	-
TOTAL ASSETS	\$ 29,855	\$ 132,690	\$ 337,916	\$ 260,862	\$ 349,161	\$ 827,195	\$ 239,745	\$ -	\$ 152,490
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 1,040	\$ -	\$ 47,022	\$ -	\$ 2,614	\$ -	\$ 10,858	\$ -	\$ -
Accrued payroll	-	-	-	-	-	-	10,646	-	-
Compensated absences payable	-	-	-	-	-	-	32,996	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-
Total Liabilities	1,040	-	47,022	-	2,614	-	54,500	-	-
Fund Balances:									
Reserved	-	-	-	-	-	-	95,245	-	-
Unreserved	28,815	132,690	290,894	260,862	346,547	827,195	90,000	-	152,490
Total Fund Balances	28,815	132,690	290,894	260,862	346,547	827,195	185,245	-	152,490
Total Liabilities and Fund Balances	\$ 29,855	\$ 132,690	\$ 337,916	\$ 260,862	\$ 349,161	\$ 827,195	\$ 239,745	\$ -	\$ 152,490

						Capital Projects Funds					Total Nonmajor Governmental Funds
Agritek CDBG	JB Labs CDBG	ADW Brownfield	E.D.C.	Quincy Park Clean-up	Total	Building and Site	Capital Improvement	Fire Equipment Replacement	Industrial Park	Total	
\$ 32,742	\$ 92,833	\$ 22	\$ 5,628	\$ 153,947	\$ 2,582,649	\$ 1,260,618	\$ 379,784	\$ 730,463	\$ 141,163	\$ 2,512,028	\$ 5,094,677
-	-	-	-	-	16,186	-	-	-	-	-	16,186
-	-	-	43	1,215	17,509	10,514	2,941	4,808	1,097	19,360	36,869
<u>\$ 32,742</u>	<u>\$ 92,833</u>	<u>\$ 22</u>	<u>\$ 5,671</u>	<u>\$ 155,162</u>	<u>\$ 2,616,344</u>	<u>\$ 1,271,132</u>	<u>\$ 382,725</u>	<u>\$ 735,271</u>	<u>\$ 142,260</u>	<u>\$ 2,531,388</u>	<u>\$ 5,147,732</u>
\$ -	\$ 6,383	\$ -	\$ -	\$ -	\$ 67,917	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 67,917
-	-	-	-	-	10,646	-	-	-	-	-	10,646
-	-	-	-	-	32,996	-	-	-	-	-	32,996
-	-	12	-	-	12	-	-	-	-	-	12
-	6,383	12	-	-	111,571	-	-	-	-	-	111,571
-	-	-	-	-	95,245	-	-	-	-	-	95,245
32,742	86,450	10	5,671	155,162	2,409,528	1,271,132	382,725	735,271	142,260	2,531,388	4,940,916
32,742	86,450	10	5,671	155,162	2,504,773	1,271,132	382,725	735,271	142,260	2,531,388	5,036,161
<u>\$ 32,742</u>	<u>\$ 92,833</u>	<u>\$ 22</u>	<u>\$ 5,671</u>	<u>\$ 155,162</u>	<u>\$ 2,616,344</u>	<u>\$ 1,271,132</u>	<u>\$ 382,725</u>	<u>\$ 735,271</u>	<u>\$ 142,260</u>	<u>\$ 2,531,388</u>	<u>\$ 5,147,732</u>

Holland Charter Township, Michigan
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2006

	Special Revenue Funds									
	Youth Recreation	Lake Macatawa Management	Dunton Park	Helder Park	Jim Kaat Baseball Park	Quincy Park	Building Department	Lakeshore Vision	Boar's Head CDBG	Agritek CDBG
Revenues:										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	367,110	-	-	-
Grants	-	-	-	-	-	50,000	-	23,190	731,229	-
Local unit contributions	-	-	-	-	-	-	-	-	73,756	-
Charges for services	82,122	-	19,030	-	16,186	-	-	-	-	-
Interest and rent	1,982	5,586	14,817	22,798	9,922	32,253	11,511	-	8,346	2,358
Other	874	-	6,608	-	614,908	-	-	-	-	-
Total Revenues	84,978	5,586	40,455	22,798	641,016	82,253	378,621	23,190	813,331	2,358
Expenditures:										
Current:										
General government	-	27,775	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	426,946	-	-	-
Community and economic development	-	-	-	-	-	-	-	23,190	515,294	845
Recreation and culture	79,842	-	27,909	-	128,334	-	-	-	-	-
Other	-	-	-	-	-	-	9,483	-	-	-
Capital outlay	-	-	141,432	841,521	27,420	6,326	-	-	310,635	-
Total Expenditures	79,842	27,775	169,341	841,521	155,754	6,326	436,429	23,190	825,929	845
Excess of Revenues Over (Under) Expenditures	5,136	(22,189)	(128,886)	(818,723)	485,262	75,927	(57,808)	-	(12,598)	1,513
Other Financing Sources (Uses):										
Transfers in	-	30,000	150,000	585,000	-	100,000	-	-	-	-
Transfers out	-	-	-	-	(425,000)	-	-	-	(220,500)	(134,500)
Total Other Financing Sources (Uses)	-	30,000	150,000	585,000	(425,000)	100,000	-	-	(220,500)	(134,500)
Net Change in Fund Balances	5,136	7,811	21,114	(233,723)	60,262	175,927	(57,808)	-	(233,098)	(132,987)
Fund Balances - January 1	23,679	124,879	269,780	494,585	286,285	651,268	243,053	-	385,588	165,729
Fund Balances - December 31	\$ 28,815	\$ 132,690	\$ 290,894	\$ 260,862	\$ 346,547	\$ 827,195	\$ 185,245	\$ -	\$ 152,490	\$ 32,742

					Capital Projects Funds					Total Nonmajor Governmental Funds
JB Labs CDBG	ADW Brownfield	E.D.C.	Quincy Park Clean-up	Total	Building and Site	Capital Improvement	Fire Equipment Replacement	Industrial Park	Total	
\$ -	\$ 10	\$ -	\$ -	\$ 10	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10
-	-	-	-	367,110	-	-	-	-	-	367,110
-	-	-	-	804,419	-	-	-	-	-	804,419
-	-	-	-	73,756	-	-	-	-	-	73,756
-	-	-	-	117,338	-	-	-	-	-	117,338
2,840	-	245	6,751	119,409	57,354	16,461	28,845	6,150	108,810	228,219
-	-	100	-	622,490	-	-	35,000	-	35,000	657,490
<u>2,840</u>	<u>10</u>	<u>345</u>	<u>6,751</u>	<u>2,104,532</u>	<u>57,354</u>	<u>16,461</u>	<u>63,845</u>	<u>6,150</u>	<u>143,810</u>	<u>2,248,342</u>
-	-	-	-	27,775	-	-	-	-	-	27,775
-	-	-	-	426,946	8,952	-	21,129	-	30,081	457,027
16,390	-	-	-	555,719	-	-	-	-	-	555,719
-	-	-	3,945	240,030	-	-	-	-	-	240,030
-	-	-	-	9,483	-	27,748	-	-	27,748	37,231
-	-	-	-	1,327,334	337,325	-	-	-	337,325	1,664,659
<u>16,390</u>	<u>-</u>	<u>-</u>	<u>3,945</u>	<u>2,587,287</u>	<u>346,277</u>	<u>27,748</u>	<u>21,129</u>	<u>-</u>	<u>395,154</u>	<u>2,982,441</u>
<u>(13,550)</u>	<u>10</u>	<u>345</u>	<u>2,806</u>	<u>(482,755)</u>	<u>(288,923)</u>	<u>(11,287)</u>	<u>42,716</u>	<u>6,150</u>	<u>(251,344)</u>	<u>(734,099)</u>
100,000	-	-	-	965,000	300,000	50,000	280,000	-	630,000	1,595,000
-	-	-	-	(780,000)	-	-	-	-	-	(780,000)
<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>185,000</u>	<u>300,000</u>	<u>50,000</u>	<u>280,000</u>	<u>-</u>	<u>630,000</u>	<u>815,000</u>
86,450	10	345	2,806	(297,755)	11,077	38,713	322,716	6,150	378,656	80,901
-	-	5,326	152,356	2,802,528	1,260,055	344,012	412,555	136,110	2,152,732	4,955,260
<u>\$ 86,450</u>	<u>\$ 10</u>	<u>\$ 5,671</u>	<u>\$ 155,162</u>	<u>\$ 2,504,773</u>	<u>\$ 1,271,132</u>	<u>\$ 382,725</u>	<u>\$ 735,271</u>	<u>\$ 142,260</u>	<u>\$ 2,531,388</u>	<u>\$ 5,036,161</u>

ADDITIONAL INFORMATION SECTION

Table 1

Holland Charter Township, Michigan
 GENERAL FUND REVENUES AND OTHER FINANCING SOURCES
 AND EXPENDITURES AND OTHER USES BY FUNCTION
 Last Ten Fiscal Years

	1997	1998	1999	2000
Revenues and other financing sources:				
Taxes	\$ 3,024,489	\$ 4,451,935	\$ 4,969,756	\$ 5,469,731
Licenses and permits	416,578	460,020	511,927	58,660
Grants	-	-	-	-
State shared revenues	1,552,682	1,656,471	1,790,360	1,905,619
Local unit contributions	2,000	4,800	-	10,461
Charges for services	50,252	59,274	70,731	81,491
Interest	301,075	272,008	271,143	528,725
Other	84,117	68,460	56,471	63,259
Operating transfers in	-	-	-	-
	<u>\$ 5,431,193</u>	<u>\$ 6,972,968</u>	<u>\$ 7,670,388</u>	<u>\$ 8,117,946</u>
Expenditures and other uses:				
General government	\$ 743,232	\$ 824,014	\$ 861,246	\$ 805,020
Public safety	1,153,477	1,308,067	1,409,713	1,067,916
Public works	2,011,442	1,228,309	1,368,292	1,127,148
Community and economic development	155,034	119,522	138,935	175,093
Recreation and culture	519,747	1,547,866	2,000,368	1,882,446
Other	93,671	81,500	67,943	77,675
Operating transfers out	370,000	1,775,000	1,042,000	1,713,000
	<u>\$ 5,046,603</u>	<u>\$ 6,884,278</u>	<u>\$ 6,888,497</u>	<u>\$ 6,848,298</u>

Table 1 - Continued

<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
\$ 5,912,368	\$ 6,283,303	\$ 6,845,577	\$ 7,124,252	\$ 7,376,890	\$ 7,701,404
59,683	59,348	55,442	65,180	68,129	74,805
-	-	-	-	-	-
2,838,586	2,498,453	2,309,849	2,157,165	2,183,241	2,145,387
101,083	363,736	-	-	-	-
83,527	79,568	82,391	84,025	100,116	79,805
526,992	367,369	204,326	214,134	259,727	584,967
73,469	71,100	418,900	87,564	158,213	148,338
-	-	-	-	-	780,000
<u>\$ 9,595,708</u>	<u>\$ 9,722,877</u>	<u>\$ 9,916,485</u>	<u>\$ 9,732,320</u>	<u>\$ 10,146,316</u>	<u>\$ 11,514,706</u>
\$ 812,849	\$ 904,168	\$ 935,439	\$ 1,150,645	\$ 1,007,535	\$ 1,050,006
1,195,129	1,335,691	1,419,428	1,542,555	1,552,712	1,600,117
2,149,438	2,896,188	2,738,396	2,822,930	2,531,833	1,622,660
178,976	203,756	216,988	230,607	253,892	269,553
1,978,958	2,426,609	2,293,899	2,338,224	2,412,459	2,533,253
86,291	104,032	111,562	151,041	144,673	155,158
2,665,000	1,667,000	875,000	1,250,000	2,775,000	2,868,138
<u>\$ 9,066,641</u>	<u>\$ 9,537,444</u>	<u>\$ 8,590,712</u>	<u>\$ 9,486,002</u>	<u>\$ 10,678,104</u>	<u>\$ 10,098,885</u>

Holland Charter Township, Michigan
PROPERTY TAX LEVIES AND COLLECTIONS
 Last Ten Fiscal Years

Fiscal Year Ended 12-31*	Year of Tax Levied on 12-1	Ad Valorem Tax Levy**	Collections to March 1, Year Following Levy	
			Amount	Percent
1997	1996	\$ 3,475,790	\$ 3,304,607	95.07%
1998	1997	4,583,198	4,296,526	93.75%
1999	1998	4,951,313	4,678,092	94.48%
2000	1999	5,389,543	5,112,615	94.86%
2001	2000	5,625,140	5,310,769	94.41%
2002	2001	5,765,585	5,400,879	93.67%
2003	2002	6,310,331	5,956,644	94.40%
2004	2003	6,608,322	6,349,764	96.09%
2005	2004	6,892,665	6,623,535	96.10%
2006	2005	7,214,698	6,907,210	95.74%

* Taxes are levied on December 1 of the prior fiscal year

** Ad valorem tax levy excludes Act 198 industrial facilities and Act 255 commercial facilities tax levies. The tax levy excludes taxes levied for other taxing jurisdictions, including school districts, the county, and the pool authority.

Table 3

Holland Charter Township, Michigan
ASSESSED AND TAXABLE VALUE OF PROPERTY
Last Ten Fiscal Years

Year	Assessed Value			Taxable Value		
	State Equalized Value	Act 198 IFT Act 255 CFT Abated Value	Total SEV and Abated Value	Taxable Value	Act 198 IFT Act 255 CFT Abated Value	Total Taxable and Abated Value
1997	\$ 690,038,500	\$ 126,766,200	\$ 816,804,700	\$ 636,523,841	\$ 125,727,070	\$ 762,250,911
1998	776,675,700	121,499,000	898,174,700	709,371,229	120,561,996	829,933,225
1999	856,119,900	130,721,600	986,841,500	770,541,884	129,925,958	900,467,842
2000	924,259,500	138,430,500	1,062,690,000	824,071,142	136,306,008	960,377,150
2001	999,231,200	145,982,400	1,145,213,600	903,590,618	144,501,275	1,048,091,893
2002	1,099,806,700	139,274,900	1,239,081,600	986,248,111	138,613,778	1,124,861,889
2003	1,168,288,500	139,452,500	1,307,741,000	1,044,036,393	137,820,389	1,181,856,782
2004	1,209,331,300	125,381,800	1,334,713,100	1,095,324,560	124,993,428	1,220,317,988
2005	1,259,504,300	121,159,600	1,380,663,900	1,148,110,127	120,802,453	1,268,912,580
2006	1,320,482,300	121,265,900	1,441,748,200	1,211,043,561	120,913,569	1,331,957,130

Valuations are stated as of the March Board of Review. The 2006 valuations are stated after including an omission of \$18,512,000 that was corrected by the July Board of Review.

Taxable property in the township is assessed initially by the Township's assessing officials, then equalized by Ottawa County and finally by the State. In accordance with Act 409, P.A. 1965, and Article IX, Section 3 of the Michigan Constitution, State Equalized Value ("SEV") represents 50% of true cash value.

On March 15, 1994, the people of the State of Michigan approved an amendment to the Michigan Constitution. The Amendment and implementing legislation limit the growth in assessments ("capped value") for each parcel of property to the percentage change in State Equalized Value, the rate of inflation, or 5%, whichever is less. When ownership of the parcel of property is transferred as defined by law, the parcel shall be assessed at the applicable proportion of current true cash value. The lower of the "capped value" or SEV is the Taxable Value of each parcel.

State Equalized Value and Taxable Value do not include any value of tax exempt property or property granted abatement under either Act 198, Michigan Public Acts of 1974, as amended ("Act 198") or Act 255, Michigan Public Acts of 1978, as amended ("Act 255"). Such an abatement entitles a facility to exemption from ad valorem property taxes for a period of up to 12 years. In lieu of the property tax, the facility pays a reduced tax.

Holland Charter Township, Michigan
COMPONENTS OF ASSESSED AND TAXABLE VALUE OF PROPERTY

Components of State Equalized Value Last Five Fiscal Years (By Use and Classification)					
	2006	2005	2004	2003	2002
Industrial	\$ 128,289,700	\$ 121,760,200	\$ 123,789,900	\$ 128,312,800	\$ 118,030,600
Commercial	328,005,900	327,819,700	315,868,600	304,608,200	291,622,800
Agricultural	24,061,100	22,607,700	23,618,600	22,688,900	22,109,300
Residential	<u>700,401,500</u>	<u>651,865,400</u>	<u>609,205,700</u>	<u>576,791,500</u>	<u>530,971,600</u>
Total Real Property	1,180,758,200	1,124,053,000	1,072,482,800	1,032,401,400	962,734,300
Total Personal Property	<u>139,724,100</u>	<u>135,451,300</u>	<u>136,848,500</u>	<u>135,887,100</u>	<u>137,072,400</u>
Total SEV	<u>\$ 1,320,482,300</u>	<u>\$ 1,259,504,300</u>	<u>\$ 1,209,331,300</u>	<u>\$ 1,168,288,500</u>	<u>\$ 1,099,806,700</u>

Components of 2006 Taxable Value	
Industrial	\$ 120,836,690
Commercial	306,881,661
Agricultural	9,648,975
Residential	<u>634,050,182</u>
Total Real Property	<u>1,071,417,508</u>
Industrial	76,430,000
Commercial	53,634,579
Utility	9,561,474
Residential	<u>-</u>
Total Personal Property	<u>139,626,053</u>
Total Taxable Value	<u>\$ 1,211,043,561</u>

Table 5

Holland Charter Township, Michigan
 PROPERTY TAX RATES PER \$1,000 STATE EQUALIZED VALUATION
 FOR DIRECT AND OVERLAPPING GOVERNMENTS
 Last Ten Fiscal Years

		HOLLAND TOWNSHIP		HOLLAND POOL AUTHORITY	SCHOOL DISTRICTS			
Year of Levy		Operating And Debt	Street Light District	Holland Pool Operating	Holland School District	West Ottawa School District	Zeeland School District	Ottawa Area Intermediate School District
1997	H	7.2000	0.3000	1.4600	4.2000	6.6500	6.6275	3.4664
1997	NH	7.2000	0.3000	1.4600	22.2000	24.4345	24.6275	3.4664
1998	H	7.0000	0.3000	1.5000	4.6500	6.6500	7.0222	3.4588
1998	NH	7.0000	0.3000	1.5000	22.6500	24.3989	25.0222	3.4588
1999	H	7.0000	0.0000	1.4876	4.2468	6.4500	8.0236	4.3353
1999	NH	7.0000	0.0000	1.4876	22.2468	24.1279	26.0236	4.3353
2000	H	6.8000	0.0000	1.7500	4.0441	6.2200	8.0116	4.2999
2000	NH	6.8000	0.0000	1.7500	22.0441	24.2200	26.0116	4.2999
2001	H	6.4000	0.0000	1.7282	3.7426	6.2200	8.0074	4.2854
2001	NH	6.4000	0.0000	1.7282	21.7426	24.2200	26.0074	4.2854
2002	H	6.4000	0.0000	1.6667	3.7412	6.9468	7.9965	4.2688
2002	NH	6.4000	0.0000	1.6667	21.7412	24.9468	25.9965	4.2688
2003	H	6.3500	0.0000	1.5900	3.5868	6.9468	8.0010	4.2305
2003	NH	6.3500	0.0000	1.5900	21.5868	24.9468	26.0010	4.2305
2004	H	6.3000	0.0000	1.5700	3.5968	6.9468	8.0300	4.2192
2004	NH	6.3000	0.0000	1.5700	21.5968	24.9468	26.0300	4.2192
2005	H	6.3000	0.0000	1.5400	3.4868	7.0000	8.0300	4.2109
2005	NH	6.3000	0.0000	1.5400	21.4868	25.0000	26.0300	4.2109
2006	H	6.3000	0.0000	1.5000	3.2868	6.5500	8.0300	4.2093
2006	NH	6.3000	0.0000	1.5000	21.2868	24.5500	26.0300	4.2093
		COUNTY	STATE	TOTAL FOR RESIDENTS OF				
Year of Levy		Ottawa County	Homestead Education Tax		Holland School District	West Ottawa School District	Zeeland School District	
1997	H	4.6985	6.0000		27.3249	28.3149	28.2924	
1997	NH	4.6985	6.0000		45.3249	46.0994	46.2924	
1998	H	4.4804	6.0000		27.3892	27.8892	28.2614	
1998	NH	4.4804	6.0000		45.3892	45.6381	46.2614	
1999	H	4.3812	6.0000		27.4509	28.1665	29.7401	
1999	NH	4.3812	6.0000		45.4509	45.8444	47.7401	
2000	H	4.3760	6.0000		27.2700	27.6959	29.4875	
2000	NH	4.3760	6.0000		45.2700	45.6959	47.4875	
2001	H	4.2722	6.0000		26.4284	27.1776	28.9650	
2001	NH	4.2722	6.0000		44.4284	45.1776	46.9650	
2002	H	4.1672	6.0000		26.2439	27.7828	28.8325	
2002	NH	4.1672	6.0000		44.2439	45.7828	46.8325	
2003	H	4.1611	5.0000		24.9184	26.6884	27.7426	
2003	NH	4.1611	5.0000		42.9184	44.6884	45.7426	
2004	H	4.2593	6.0000		25.9453	27.7253	28.8085	
2004	NH	4.2593	6.0000		43.9453	45.7253	46.8085	
2005	H	4.2579	6.0000		25.7956	27.7688	28.7988	
2005	NH	4.2579	6.0000		43.7956	45.7688	46.7988	
2006	H	4.2572	6.0000		25.5533	27.3165	28.7965	
2006	NH	4.2572	6.0000		43.5533	45.3165	46.7965	

H= Homestead Properties

NH= Non-Homestead Properties

Table 6

Holland Charter Township, Michigan
 PROFILE OF TEN LARGEST PROPERTY TAXPAYERS
 December 31, 2006

Taxpayer	Principal Product/Service	2006 Taxable Equivalency Value	Percent Of Total 2006 Taxable Equivalency Value
Pfizer (Parke-Davis & Co.)	Pharmaceuticals	\$ 35,429,850	2.79%
Magna Donnelly	Glass & automotive mirrors	16,577,827	1.30%
Geenen DeKock Properties	Commercial development	15,531,986	1.22%
Request Foods, Inc.	Pre-packaged dinners	15,145,946	1.19%
Herman Miller, Inc.	Office furniture	11,619,948	0.91%
Hart & Cooley, Inc.	Air distribution products	9,712,582	0.76%
Westshore Mall Ltd.	Retail shopping mall	9,389,600	0.74%
Clearview Apartments	Apartment housing	8,243,919	0.65%
Meijer, Inc.	Retail department store	8,152,184	0.64%
J.B. Laboratories, Inc.	Pharmaceuticals	7,869,078	0.62%
Total Taxable Value of Ten Largest Taxpayers		137,672,920	10.82%
Total Taxable Value of All Other Taxpayers		<u>1,134,598,226</u>	<u>89.18%</u>
Total Taxable Value of All Taxpayers		<u>\$ 1,272,271,146</u>	<u>100.00%</u>

Notation:

Taxable equivalency values are stated as of the March Board of Review and represent a combination of 100% of taxable value, 50% of abated taxable value for new IFT and CFT facilities, and 100% of abated taxable value for rehabilitated IFT and CFT facilities.

The taxable equivalency values reported in this table include \$18,512,000 omitted in error as of the March Board of Review and corrected by the July Board of Review.

Holland Charter Township, Michigan
COMPUTATION OF LEGAL DEBT MARGIN
December 31, 2006

State Equalized Value (SEV)	<u>\$ 1,320,482,300</u>
Legal debt margin:	
Debt limitation -- 10% of SEV	\$ 132,048,230
Outstanding general obligation debt	<u>6,733,500</u>
Legal Debt Margin	<u>\$ 125,314,730</u>

Table 8

Holland Charter Township, Michigan
 RATIO OF BONDED DEBT
 TO STATE EQUALIZED VALUED PER CAPITA
 Last Ten Fiscal Years

<u>Fiscal Year Ended December 31</u>	<u>Population</u>	<u>State Equalized Valuation</u>	<u>Gross Bonded Debt</u>	<u>Ratio of Gross Bonded Debt to State Equalized Valuation</u>	<u>Gross Bonded Debt Per Capita</u>
1997	20,236	\$ 690,038,500	\$ 15,511,245	2.25%	\$ 767
1998	20,236	776,675,700	18,320,000	2.36%	905
1999	20,236	856,119,900	16,936,500	1.98%	837
2000	28,911	924,259,500	15,460,500	1.67%	535
2001	30,754	999,231,200	14,226,000	1.42%	463
2002	31,879	1,099,806,700	12,745,000	1.16%	400
2003	32,960	1,168,288,500	11,111,500	0.95%	337
2004	33,338	1,209,331,300	9,504,000	0.79%	285
2005*	33,759	1,259,504,300	8,124,000	0.65%	241
2006*	33,759	1,320,482,300	6,733,500	0.51%	199

* July 1, 2005 population estimate by U.S. Census Bureau

Holland Charter Township, Michigan
 COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
 GENERAL OBLIGATION BONDS
 December 31, 2006

<u>Jurisdiction</u>	<u>Gross General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable To Holland Township</u>	<u>Amount Applicable To Holland Township</u>
Direct Debt:			
Holland Charter Township	\$ 6,733,500	100.00%	\$ 6,733,500
Overlapping Debt:			
County of Ottawa	22,685,000	13.50%	3,062,475
Holland Area Swimming Pool Authority	8,140,000	3.81%	310,134
Holland School District	22,924,000	3.81%	873,404
West Ottawa School District	138,315,000	46.95%	64,938,893
Zeeland School District	101,090,000	29.12%	29,437,408
Ottawa Intermediate School District	7,485,000	11.87%	888,470
			<u>\$ 106,244,284</u>

Note: The above debt information excludes self supporting bonds issued by the Holland Hospital Authority for Holland Community Hospital.

Source: Holland Charter Township and Municipal Advisory Council of Michigan, (as of December 31, 2006).

PROPERTY VALUE AND CONSTRUCTION
Last Ten Fiscal Years

<u>Fiscal Year Ended December 31</u>	<u>State Equalized Value</u>	<u>Number of Permits</u>	<u>Estimated Building Cost</u>
1997	\$ 690,038,500	872	\$ 68,836,438
1998	776,675,700	830	89,775,565
1999	856,119,900	894	96,822,530
2000	924,259,500	884	93,987,083
2001	999,231,200	819	87,641,238
2002	1,099,806,700	771	68,577,644
2003	1,168,288,500	883	68,456,647
2004	1,209,331,300	764	69,010,603
2005	1,259,504,300	740	77,166,431
2006	1,320,482,300	611	61,473,968

Holland Charter Township, Michigan
TAX INFORMATION
December 31, 2006

ASSESSED:	Tax assessments are determined as of tax day, December 31.
LIEN ON PROPERTY:	Personal property taxes become a lien and are payable on December 1, however, they are billed on July 1 and December 1. Property taxes for local school districts are levied on July 1 or on December 1 or portions are levied on each date. Intermediate school district taxes are levied on July 1. County and township taxes are levied on December 1. Unpaid taxes, together with all charges thereon, become a continuing lien on the property assessed.
PAYABLE:	Taxes billed July 1 are payable on July 1 and due without penalty on September 14. Taxes billed December 1 are payable on December 1 and due without penalty on February 14. Taxes are collected at the office of township treasurer.
DELINQUENT:	Real property taxes become delinquent on March 1 and are returned to the county treasurer for collection. Ottawa County operates a Delinquent Tax Revolving Fund, which forwards delinquent tax monies to local jurisdictions. Delinquent personal property taxes are collected by the township treasurer. Uncollectible personal property taxes are stricken from the tax rolls upon petition to the Circuit Court when uncollectible for a period of five years from date of levy.
PENALTIES:	Interest at the rate of one percent per month is assessed on unpaid summer taxes on September 15, October 1, November 1, December 1, January 1, and February 1. A three percent penalty is charged on summer and winter taxes paid after February 14. Taxes returned delinquent to the county treasurer on March 1 are subject to a four percent collection fee and one percent per month interest.
TAX ABATEMENT:	<p>The state equalized value does not include valuation of certain facilities, which are exempt under Act 198, Public Acts of 1974 or Act 255, Public Acts of 1978. The Acts are designed to provide a stimulus in the form of significant tax incentives to industry and commercial enterprises to renovate and expand aging facilities and to build new facilities in Michigan.</p> <p>An Industrial or Commercial Facilities Exemption Certificate entitles the facility to exemption from ad valorem real and personal property taxes for a period of up to 12 years. In lieu of the property tax, the firm will pay a specific tax. Renovated facilities are taxed at the full millage rate based on the assessed valuation prior to the improvements. New facilities are taxed at one half rate levied on assessments which are determined annually based on true cash value.</p>

Holland Charter Township, Michigan
TAX INFORMATION - CONTINUED
December 31, 2006

TOWNSHIP TAXATION
AND LIMITATION:

The township's tax rate for municipal operations is limited to five mills by the State of Michigan's Charter Townships Act of 1947, as amended. Additional tax levies have been approved from time to time by vote of the township electorate for specific services, such as construction and maintenance of bike paths, additional law enforcement and emergency medical unit services, and library services.

In November 1978, the electorate of the State of Michigan passed an amendment to the State Constitution, which places certain limitations on increases of taxes by the state, and political subdivisions from currently authorized levels of taxation. The amendment does not limit taxes for the payment of principal and interest on bonds or other evidences of indebtedness outstanding at the time they became effective or which have been approved by the electors of the state or such political subdivisions.

Table 12

Holland Charter Township, Michigan
GENERAL STATISTICAL DATA
December 31, 2006

AREA:	28.7 square miles		
FORM OF GOVERNMENT:	Founded and established as township in 1847 Incorporated as Charter Township in 1968 7-member elected Board of Trustees		
FISCAL YEAR BEGINS:	January 1		
NUMBER OF EMPLOYEES:	38 full time; 258 part time (including fire fighters, election workers, park maintenance workers, recreation programs, and code enforcement inspectors)		
FIRE PROTECTION:	3 fire stations, 42 part time fire fighters (including 11 MFR, 9 EMT, 2 PMT), 8 fire fighting vehicles, 1 rescue vehicle		
PROPERTY TAX PARCELS:	Number of real property tax parcels	11,684	
	Number of personal property tax parcels	1,799	
	Total tax parcels (includes IFT abated parcels)	13,483	
WATER UTILITY:	Customer Accounts:		
	Residential	8,948	
	Commercial	1,914	
	Industrial	256	
	Other	84	
	Total Water Customer Accounts	11,202	
	Gallons purchased	2,646,009,900	
	Revenues from sales and charges	\$4,737,492	
WASTEWATER UTILITY:	Customer Accounts:		
	Residential	10,027	
	Commercial	1,472	
	Industrial	167	
	Other	56	
	Total Wastewater Customer Accounts	11,722	
	Gallons treated	1,464,764,000	
	Revenues from user charges	\$3,628,738	
RECREATION:	Beechwood Park (3.5 acres) Brookwood Park (1 acre) Dunton Park (21 acres) Helder Park (159 acres, including 61 acres of vacant land) Quincy Park (133 acres, including 67 acres of vacant land)		
CEMETERIES:	New Groningen Cemetery (1.3 acres) North Holland Cemetery (5.2 acres)		
BIKE PATHS & SIDEWALKS:	60 miles of bike paths and sidewalks		
POPULATION GROWTH:	Official United States Census	1970	10,991
		1980	13,739
		1990	17,523
		2000	28,911
		2005 (est)	33,759

Holland Charter Township, Michigan
TAX INFORMATION
December 31, 2006

ASSESSED:	Tax assessments are determined as of tax day, December 31.
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Holland Charter Township, Michigan
TAX INFORMATION - CONTINUED
December 31, 2006

**TOWNSHIP TAXATION
AND LIMITATION:**

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Table 12

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GENERAL STATISTICAL DATA
December 31, 2006

AREA:	28.7 square miles		
FORM OF GOVERNMENT:	Founded and established as township in 1847 Incorporated as Charter Township in 1968 7-member elected Board of Trustees		
FISCAL YEAR BEGINS:	January 1		
NUMBER OF EMPLOYEES:	38 full time; 258 part time (including fire fighters, election workers, park maintenance workers, recreation programs, and code enforcement inspectors)		
FIRE PROTECTION:	3 fire stations, 42 part time fire fighters (including 11 MFR, 9 EMT, 2 PMT), 8 fire fighting vehicles, 1 rescue vehicle		
PROPERTY TAX PARCELS:	Number of real property tax parcels	11,684	
	Number of personal property tax parcels	1,799	
	Total tax parcels (includes IFT abated parcels)	13,483	
WATER UTILITY:	Customer Accounts:		
	Residential	8,948	
	Commercial	1,914	
	Industrial	256	
	Other	84	
	Total Water Customer Accounts	11,202	
	Gallons purchased	2,646,009,900	
	Revenues from sales and charges	\$4,737,492	
WASTEWATER UTILITY:	Customer Accounts:		
	Residential	10,027	
	Commercial	1,472	
	Industrial	167	
	Other	56	
	Total Wastewater Customer Accounts	11,722	
	Gallons treated	1,464,764,000	
	Revenues from user charges	\$3,628,738	
RECREATION:	Beechwood Park (3.5 acres) Brookwood Park (1 acre) Dunton Park (21 acres) Helder Park (159 acres, including 61 acres of vacant land) Quincy Park (133 acres, including 67 acres of vacant land)		
CEMETERIES:	New Groningen Cemetery (1.3 acres) North Holland Cemetery (5.2 acres)		
BIKE PATHS & SIDEWALKS:	60 miles of bike paths and sidewalks		
POPULATION GROWTH:	Official United States Census	1970	10,991
		1980	13,739
		1990	17,523
		2000	28,911
		2005 (est)	33,759

HOLLAND CHARTER TOWNSHIP, MICHIGAN

FEDERAL AWARDS

SINGLE AUDIT REPORT

YEAR ENDED DECEMBER 31, 2006

KIEKOVER, SCHOLMA & SHUMAKER, PC
Certified Public Accountants
Zeeland, Michigan

Holland Charter Township, Michigan
SINGLE AUDIT REPORT
Year Ended December 31, 2006

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

March 6, 2007

Township Board
Holland Charter Township, Michigan
Holland, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Holland Charter Township, Michigan as of and for the year ended December 31, 2006, which collectively comprise Holland Charter Township, Michigan's basic financial statements and have issued our report thereon dated March 6, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Holland Charter Township, Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Holland Charter Township, Michigan's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Holland Charter Township, Michigan's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Holland Charter Township, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Township Board, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Kiekover, Scholma & Shumaker, PC

Kiekover, Scholma & Shumaker, PC
Certified Public Accountants



**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

March 6, 2007

Township Board
Holland Charter Township, Michigan
Holland, Michigan

Compliance

We have audited the compliance of Holland Charter Township, Michigan with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2006. Holland Charter Township, Michigan's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Holland Charter Township, Michigan's management. Our responsibility is to express an opinion on Holland Charter Township, Michigan's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Holland Charter Township, Michigan's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Holland Charter Township, Michigan's compliance with those requirements.

In our opinion, Holland Charter Township, Michigan complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2006.

Internal Control Over Compliance

The management of Holland Charter Township, Michigan is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Holland Charter Township, Michigan's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Holland Charter Township, Michigan, as of and for the year ended December 31, 2006, and have issued our report thereon dated March 6, 2007. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Holland Charter Township, Michigan's basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Township Board, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Kiekoover, Scholma & Shumaker, PC

Kiekoover, Scholma & Shumaker, PC
Certified Public Accountants

HOLLAND CHARTER TOWNSHIP
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2006

<u>Federal Agency/Pass-Through Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Award Amount</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development				
Passed through the Michigan Economic Development Corporation:				
Community Development Block Grants/States Program				
Lakeshore Vision and Robotics, LLC Business Loan Project	14.228	MSC 204006-EDIL	\$ 215,000	\$ 23,190
Boar's Head Provisions Company Infrastructure Project	14.228	MSC 204062-EDIG	1,057,000	731,229
J.B. Laboratories Expansion Project	14.228	MSC 205071-EDIG	400,500	<u>14,684</u>
Total U.S. Department of Housing and Urban Development				<u>769,103</u>
Total Expenditures of Federal Awards				<u>\$ 769,103</u>

BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards utilizes the same basis of accounting as the fund-basis financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*.

HOLLAND CHARTER TOWNSHIP, MICHIGAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2006

A - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued

Unqualified on financial statements

Internal controls over financial reporting:

Material weakness(es) identified?

_____ yes X no

Reportable condition(s) identified not

considered to be material weaknesses?

_____ yes X none reported

Noncompliance material to financial statements noted?

_____ yes X no

Federal Awards

Internal controls over major programs:

Material weakness(es) identified?

_____ yes X no

Reportable condition(s) identified not

considered to be material weaknesses?

_____ yes X none reported

Type of auditor's report issued on compliance
for major programs:

Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Circular A-133,
Section 510(a)?

_____ yes X no

Identification of Major Programs

CFDA Number(s)

Name of Federal Program

14.228

Community Development Block Grants / States Program

Dollar threshold used to distinguish
between Type A and Type B programs:

 \$ 300,000

Auditee qualified as low-risk auditee?

_____ yes X no

B - FINANCIAL STATEMENT FINDINGS

None

C - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

D - PRIOR AUDIT FINDINGS

None